

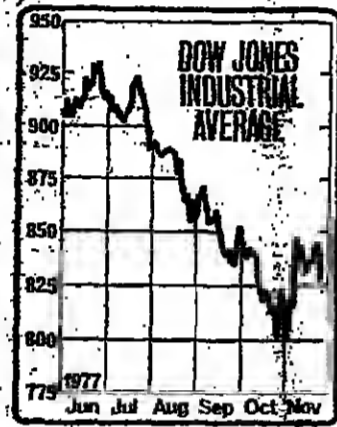


NEWS SUMMARY

U.S. and Wall St. down 12; Equities up 9.6

Equities closed only a shade below the day's best at 474.1 for a gain of 9.6 as jobbers marked up early in the day in the absence of sellers.

WALL STREET closed 12.30 down at 827.27, its sharpest loss since July. A combination of



Swan Hunter loses order as overtime ban goes on

BY DAVID FREUD AND RICHARD EVANS

Swan Hunter lost virtually all hope of retaining its £50m. share of the £115m. Polish shipping order yesterday when 1,700 outfitters at its Wallsend yard voted to continue their 14-week overtime ban.

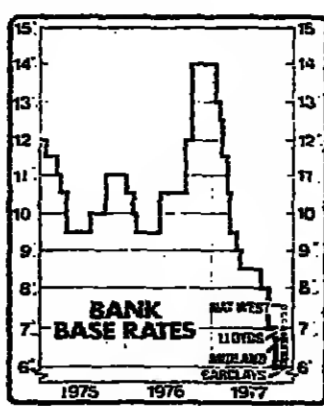
British Shipbuilders immediately started preparations for re-allocating work on the seven 18,000-ton ships among other yards and said it hoped to place the first orders to-day or to-morrow.

At the same time, Mr. John Steele, chief executive of Swan Hunter, and union officials flew to London to talk with Admiral Sir Anthony Griffin, British Shipbuilders' chairman.

Labour MPs from the North-East, who have fought long and hard for a major share of the £115m. Polish order, made no effort to hide their angry disappointment at the men's attitude.

Decision

Labour MPs from the North-East, who have fought long and hard for a major share of the £115m. Polish order, made no effort to hide their angry disappointment at the men's attitude.



Midland base rate up 3/4%

BY MICHAEL BLANDEN

Competition for business among the big banks increased further yesterday as Midland Bank raised its base rate for lending by 1/2 per cent to 6 1/2 per cent.

This undercut both National Westminster and Lloyds, which announced increases in their rates on Monday in response to the sharp rise from 5 to 7 per cent in the Bank of England's minimum lending rate last week.

The uncertainty has been reflected in the differing reactions of the banks. For the first time since the banks abandoned their interest rate ceiling over six years ago, however, none has a choice of four different rates among the big four banks.

City backing for curbs on insider deals

BY MARGARET REID

THERE WAS welcome in the City and at Westminster last night for Government proposals to combat insider trading by making dealing in securities in certain circumstances by company directors and others with price-sensitive information a criminal offence.

People convicted under the planned new law will face up to two years' imprisonment and/or an unlimited fine. But the Government has been at pains to frame its proposals so as not to inhibit legitimate share transactions.

The key passage in the White Paper, The Conduct of Company Directors, published yesterday, says the Government's "principal proposal is that it shall be a criminal offence for an insider to deal on the market in quoted securities in certain circumstances where he has inside information which is not generally known and was price sensitive."

The White Paper explains: "The prosecution will need to show that the insider knew or had reasonable grounds to believe that the information was not generally known and was price sensitive."

Legal migrants in stay... Italian's leading commercial banks have cut their prime rates by one point to 16 per cent.

IMF guidelines criticised... NATIONAL INSTITUTE has sharply criticised the Government's decision to allow the pound to float upwards and the impact of the IMF guidelines on the U.K. economy.

Schools shake-up... Government is considering plans to re-organise secondary schools in the nine county boroughs.

Two million people lost homes in the cyclone which hit Andhra Pradesh, south-east of the Red Cross said.

IRISH Government is urgently considering proposals to rescue the 220m. Perenka plant at Limerick which the parent company, Akzo, had decided to close down and sell off.

COURTAULDS International Finance is raising a £20m. Eurobond with a coupon of 9 1/2 per cent.

INDIA may stop sales of its tea at London tea auctions, although the gardens are expected to produce a record 560m. kilos this year.

IRISH INDUSTRIES pre-tax profits declined in the six months to September 30 from £1,793m. to £1,551m. on a turnover reduced to £18,57m. against £18,94m.

Table with 2 columns: Item and Price Change. Includes items like Marks & Spencer, Peasehay Property, Pilkington, etc.

Firemen's leaders decide to seek TUC support

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS OF the Fire Brigades Union last night decided to involve the entire union movement in an attempt to develop the firemen's strike into an all-out attack on the operation of the Government's 10 per cent pay guidelines.

The union executive is to seek a meeting this week with the TUC Finance and General Purposes Committee.

Nothing had emerged at the meeting with Mr. Callaghan which would enable the union to recall its conference and reconvene at the end of the strike, now in its third week.

The decision of the executive, which has no strike fund of its own, to seek financial support from other unions indicates that it is now resigned to the fact that the dispute may still be a long way from solution.

Union leaders left yesterday's Downing Street meeting angry at the strength with which Mr. Callaghan has emphasised the Government's intention of sticking to its pay guidelines.

The decision by the FBUI executive to seek support from Home Secretary, Mr. Albert Rees, and Mr. Bruce Millan, Scottish Secretary, has not been asked to become Secretary.

Japan to prepare package of tariff cuts by next week... TOKYO, Nov. 29.

THE NEW Japanese cabinet has set a deadline of next Tuesday to come up with a package of import liberalisation measures to present to the U.S.

Table of Contents with sections: FEATURES, FT SURVEY, ON OTHER PAGES, PROSPECTUS.

Advertisement for Dunstable, a rare pearl in a unique setting. Features: Air Conditioned Headquarters Office Building, 12-60,000 sq.ft., Rent £3-50 per sq.ft.

Advertisement for Fairview, still creating places to work. Features: New Factories and Warehouses, 10,000-100,000 sq.ft., Rent £1-40 per sq.ft.

LOMBARD

Tories and a fair wage

BY PETER RIDDELL

THE Conservative Party is in rather a mess about pay policy. This is nothing to do with the issue of whether Mrs Thatcher will be able to deal with the unions or the new almost-forgotten controversy over statutory incomes policy...

Reality

The Conservatives then stress the reality of the link between labour costs, prices and jobs should not be obscured by the Government stepping in between excessive wage settlements and the consequence in loss of jobs.

All this is, of course, common ground and generally acceptable in theory. The Conservatives recognise there are certain practical problems...

Dilemma

The Conservatives at present face a more difficult dilemma since they do not advocate standard treatment for the public sector but recognise special cases...

FROM TIME to time, I am asked to suggest what will grow in places where nothing grows at all...

Record price for English Charles I gold box

BY ANTONY THORNCROFT

THERE were two exceptional sales at Christie's yesterday... The first Raphael drawing to appear at auction since 1954...

San Patricio has edge over Honegger at Haydock to-day

BY DOMINIC WIGAN

HAYDOCK this afternoon stages possibly the most competitive three-year-old hurdle to date this season...

flowers. If you want a challenge and a feeling that though you cannot grow many flowers you do at least grow rare and exciting ones...

GARDENS TO-DAY

BY ROBIN LANE FOX

cold greenhouse or conservatory. The best hardy bush is Persea; the snob's choice is sold as Rolymentum...

RACING

BY DOMINIC WIGAN

at Folkestone last time out there was a great deal to like about San Patricio's performance on the Kent track...

New TV relay stations

THE INDEPENDENT Broadcasting Authority's television relay station at Haslemere, Surrey...

Leaders keep close watch on yachts still at sea

AUCKLAND, Nov. 30. WHILE the five yachts that have already reached Auckland at the end of the second leg of the 1977 King's Legend World Yacht Race are being prepared...

Doctors' freedom probe urged

A "COLD, hard look" at doctors' doctor could spend considerable sums on individual patients with no accountability to the public...

TV Radio

- BBC 1
* Indicates programme in black and white
9.15 a.m. For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Hill, 1.45 The Plumps, 2.01 For Schools, 3.05 Volunteers...

- 6.20 Wales Today, 6.55 Heddlu, 7.15 Trem: De'r Trol, 7.44-8.05 Tomorrow's World, 11.55 News and Weather for Wales...

F.T. CROSSWORD PUZZLE No. 3,532

Grid for crossword puzzle with letters and numbers.

- ACROSS
1 Follow second queue of cars (4, 1)
5 Shutter comes near (6)
9 Launch in wood abroad (4, 4)
10 Hinder small beginning of pudding? (6)
11 Road takes place certainly (15)
13 For to see the whole creation of beauty queen (14, 5)
14 Absconder lands in dug-out (16)
16 Female horn even in poetouse (7, 1)
19 Expert on prevailing character of organic compound (7)
21 Like to run crosswise (6)
23 Find way in high land (5, 4)
25 Refuse container for example returned to party (5)
26 Boy flogging animal (6)
27 Putting embargo on boot polish (8)
28 South American country takes long Oriental wit (8)
29 Person with pent-up feelings (8)

LONDON

- 17.20 a.m. Gharbar (magazine) for Asian families.
18.45 a.m. News (BBC)
19.00 Play School (as BBC) 2.35 p.m.
7.00 p.m. News on 2 Headlines, 7.25 Play Golf, 7.30 Newsday, 8.05 The Master Game, 8.25 My Music, 9.00 Party Political Broadcast by Conservative Party, 9.10 Hospital, 9.30 Eurasia and Hilda trilogy by L. P. Hartley, 10.55 Arena Cinema The London Film Festival, 11.25 Late News on 2, 11.35-11.40 Closedown, Gabriel Wainf read 'The Visitor' by Brendan Kennelly, BBC SCOTLAND ONLY-9.08-9.10 p.m. Party Political Broadcast by the Scottish Conservative Party.

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Telephone: 01-444 8800

EUROPEAN NEWS

Brandt commission on N-S problems to start work soon

BY JONATHAN CARR

BONN, Nov. 29

HERR WILLY Brandt to-day announced the composition of his commission on problems between the developed and developing world, and said it would start work next week near Bonn.

The West German Social Democratic leader hoped the commission's report could be produced in about 18 months. He promised it would be neither too long nor suitable for reading only by experts.

The 16-member body under Herr Brandt's chairmanship includes three former western prime ministers—Mr. Edward Heath of Britain, M. Pierre Mendès-France of France and Mr. Olof Palme of Sweden.

Top Italian banks cut prime rates to 16%

By Paul Betts

ROME, Nov. 29

ITALY'S LEADING commercial banks cut their prime rates to 16 per cent, effective on Thursday.

The decision, taken by the Italian Commercial Banking Association, follows increasing pressure from the authorities on the banking system to reduce the high cost of money at a time when most state-controlled companies and many private concerns are facing serious financial difficulties.

However, it is understood that many banks have already been extending credits below prime. The cut in the prime rate is the third this year. In June it dropped from 19.5 per cent to 18.5 per cent, and in July to 17.5 per cent.

Ferenka closure symbolises foreign despatch

BY GILES MERRITT, DUBLIN CORRESPONDENT

IRELAND'S anger at Akzo's abrupt and unexpected closure of its £20m. Ferenka plant in Limerick is rapidly turning to fear. The worry is that Ferenka will be presented internationally as "the Dutch company that was driven out of Ireland by the unions."

The two unions involved in the dispute—the Marine Port and General Workers Union and the Irish Transport and General Workers Union—should be the two that cost Ferenka its £20m. lost production over the past seven weeks. It is seen as no accident.

The U.K. and France are below the international mean. 11.7 per cent, with 8.5 per cent and 7.3 per cent, respectively.

Watchdog panel to curb corruption in business

BY DAVID CURRY

PARIS, Nov. 29

THE INTERNATIONAL Chamber of Commerce has agreed to set up a panel to enforce a code of business conduct designed to outlaw corruption.

Turkey tackles its exchange problems

ANKARA, Nov. 29

FOREIGN EXCHANGE problems, the main stumbling block to Turkey's economic development, would be given priority in the next five years, according to an official outline of the government's 1978-82 plan issued to-day.

Tough talking with Dayan

BY OUR OWN CORRESPONDENT

BONN, Nov. 29

THE ISRAELI Foreign Minister, Mr. Moshe Dayan, to-day continued a visit to West Germany notable for exceptionally plain speaking from both sides.

Journalist dies after attack

By Our Own Correspondent

ROME, Nov. 29

SIG. CARLO CASALEGNO, the deputy editor of the Turin newspaper, La Stampa, victim of a terrorist attack over a week ago, died in hospital to-day.

EEC urged to reduce farm surpluses by cutting price

BY GUY DE JONQUIERES, COMMON-MARKET CORRESPONDENT

THE EEC should do more to dispose of surplus agricultural products by lowering its prices, as well as by restraining future price increases.

Nuclear hearings open

BY DAVID SUTHERLAND

WITH EUROPEAN Energy Commissioner Guido Carli presiding, the EEC's much-awaited energy hearings got underway to-day.

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone at the box office

OPERA & BALLET, THEATRES, COVENT GARDEN, ADELPHI THEATRE, ALBURY, etc. listing various theatrical performances and their times.

THEATRES, OLD VIC, ANTHONY AND CLEOPATRA, WAR MUSIC, etc. listing various theatrical performances and their times.

SPANISH arms caches, DUTCH coalition, Karamanlis targets, French use less oil, Warsaw Pact meets, Girek's Rome talks. News articles covering international events.

Ten days of a parliamentary cliff-hanger. A large article discussing Portuguese politics and the situation of the minority government.

AMERICAN NEWS

Burns defends policy to restrain money growth

BY DAVID BELL

WASHINGTON, Nov. 29.

ARTHUR BURNS, chairman of the U.S. Federal Reserve, defended the defence of the Fed's monetary policy in a New York speech to-day. He also said he expects that in the next few months government economic policy-making will take on a more constructive character. In a sober address to the American Council on Life Insurance, much of which was devoted to ways of cutting teenage unemployment, Dr. Burns said the main threat to the U.S. economy, and the main reason for the lack of new capital investment, is the continuing high level of "inflationary expectations. These expectations, greatly compounded by uncertainty about future tax rates, energy prices and environmental controls, would have been greatly exacerbated, he said, if the Fed had done nothing in the past six months to restrain the recent burst of money growth."

Such action had brought "howls of protest" but "with such a heightening of inflationary expectations, long-term interest rates—which have become extremely sensitive to them—are short-term rates." Dr. Burns said that there was now growing evidence that the Administration recognises that overly tight and inflationary expectations together are a major obstacle to growth. Over the next several months, he anticipates that decisions in Washington will at last reduce uncertainty, improve the state of business confidence and encourage capital formation. He said. But Dr. Burns said that it was unlikely that, even if there is renewed confidence leading to new investment, such expansion will have much, if any, effect on the basic unemployment rate in the medium term future. "One of the worrisome features of the lag in capital spending of recent years is that it has come at a time when growth in the labour force was accelerating," he added. This was a key reason why new spending on capital projects was vital.

VENEZUELA'S GUERRILLAS

The Perez government goes back on the defensive

BY JOSEPH MANN IN CARACAS

THE VENEZUELAN army commands, walking through the morning heat on a highway in eastern Venezuela, were relieved when a dump truck headed north from Ciudad Bolivar stopped and agreed to give them a lift. A damp truck was hardly the most comfortable vehicle for the patrol, but their communications had broken down that day and they were obliged to rely on civilian help. Like other army patrols, the lieutenant and his 20 men were searching for guerrillas in isolated sectors of Anzoategui State, where small anti-government groups have been active in recent months. The soldiers' members of the Venezuelan army's specially trained "cazadores" (hunters) unit, climbed aboard the truck and began their ride through the hot, arid countryside. Without warning, bursts of automatic weapons fire ripped into the truck from bushes on the roadside, killing six soldiers and wounding five others. The attackers apparently escaped with no losses. The incident, which occurred last Friday, constituted the American headed Owens-Illinois bloodiest confrontation in recent years between anti-government guerrillas and the Venezuelan armed forces. It also disturbed the previously tranquil atmosphere in this wealthy South American country where citizens are accustomed to political violence only through newspaper reports from neighbouring countries. After years of domestic peace, punctuated by infrequent reports of guerrilla activity in rural sections of the country, Venezuelan extremist groups have stepped up activity over the past few months, carrying out kidnappings, seizing, hamlets, and attacking army outposts. Although extremist activity is mild in comparison with the violence convulsing Argentina or Colombia, and though Venezuelan guerrilla groups are small, they have caused concern and have put Venezuela's democratic government on the defensive. The government has been unable to discover the whereabouts of an American executive, Mr. William Niehaus, who was kidnapped by guerrillas in February of 1976. The government has jailed several persons allegedly involved in the kidnapping. The American headed Owens-Illinois operations in Venezuela. No word has been received from him since last year. Since the administration took office in 1974, several wealthy citizens have been kidnapped by groups calling themselves guerrillas. The government maintains that the kidnappers are not political extremists but common criminals trying to pass themselves off as guerrillas. The government is quite touchy on the guerrilla question, even though the extremists pose no significant threat. Only recently, a Venezuelan journalist was jailed after she conducted an interview with guerrillas—some of whom had escaped from a military prison—who were hiding out in the countryside. The government ordered her arrest after the story appeared in a local magazine. However President Perez last week signed an order releasing the reporter from jail. During the early 1960s Communist-inspired guerrillas posed a serious threat to the popularly elected Governments which came to power after Venezuela's last dictator was ousted in 1958. Well-organised, heavily-armed guerrilla units carried out violent rural and urban campaigns to overthrow the elected Governments but were eventually suppressed. The guerrillas currently active in Venezuela are remnants of the old extremist corps of the 1960's, reinforced with some new blood. Most are usually associated with a group called the Bandera Roja (Red Banner) which seek violent revolution in order to achieve equality in this country of 12.5m. When a group of 34 guerrillas took over a tiny village called Caguana, 200 miles east of Caracas in September, the attackers exhorted villagers not to vote in next year's Presidential elections and called for the overthrow of "the government of the rich." The Perez Administration has conducted an open government and maintains good relations with the far-left parties now sitting in Congress—including the Communist Party. Nonetheless, the government has been embarrassed by outbreaks of guerrilla violence, particularly since the official Accion Democratica Party (Democratic Action) seeks to win another five years in power after next year's national elections. But the Perez Administration has refused to admit publicly that the country is facing a resurgence of guerrilla activity, even though it is obvious that extremist groups have been carrying out more operations in recent months than Venezuelans have seen for several years. Typically, the authorities call guerrilla actions the product of "irregular" troops, criminals and social misfits. In describing the ambush that killed six soldiers last Friday, the Defence Ministry stated in a communique that the patrol was attacked by "a group of bandits."

Brazil debts of \$30bn. forecast Petrobras bribery inquiry

BY JOHN WICKS

ZURICH, Nov. 29.

BY SUE BRANFORD

SAO PAULO, Nov. 29.

BRAZILIAN indebtedness to the outside world is expected to rise to some \$30bn. this year, Finance Minister Mario Henrique Simonsen disclosed in Zurich to-day. Given reserves in some \$10bn, this would produce a net debt of about \$20bn, compared to a figure of \$19.4bn. in 1976. Mr. Simonsen pointed out, however, that from next year onwards projected growth reserves will exceed the amount of indebtedness and that the net debt/exports ratio would decline accordingly. His Government believed, he said, that a ratio of up to 2:1 for net debt in relation to exports was a "safe level" and Brazil was working within these limits. The ratio had fallen slightly last year from 1.98:1 to 1.92:1.

The Minister was in Zurich for the signing of a Sw.Frs.100m. Brazilian Government issue, the first bonds to Swiss-Franc devaluation ever to be publicly issued by Brazil on the Swiss capital market. The 3 per cent loan, which has a maturity of ten years, will be open for subscription at a price of 99.5 per cent from December 2 to 7. Proceeds will go to "enhance and diversify monetary reserves." Next year and 1979 will see accumulations of maturities in the country's foreign-debt structure, said Mr. Simonsen, but there was no "foreign debt nightmare." Repayments would be covered by reserves and international liquidity. Brazilian National Bank S.A. managing director Sr. Ferno Bracher said that reserves were \$8.15bn. last year.

PETROBRAS has set up a commission of inquiry into allegations of bribery. These were made earlier this month by Ingram Corporation of the U.S. speaking of an inquiry in Chicago—alleged that a payment of \$172,000 had been made to Leivindo Carneiro, a one-time leading official in the State-owned Petrobras. The issue is arousing a great deal of interest in Brazil as the country's president, General Ernesto Geisel, was head of Petrobras from November, 1969, to March, 1973—the time at which the bribes are believed to have been made. Commenting on the allegations of corruption against Carneiro, the Presidential Press officer, Brazil's Toledo Camargo stated that the fact that the episode occurred when President Geisel was head of Petrobras "is of no great significance. Petrobras is enormous. He could not possibly have been aware of any irregularities." Ingram won equipment orders from Petrobras in 1969 and later a \$5m. contract from Terma, a Rio Grande do Norte state-owned company. Petrobras unexpectedly announced at the end of last week that it had terminated its relation with Ingram, striking it off its list of suppliers. Earlier this year, executives from J. Ray McDermott Int.—which took over the construction activities of Ingram in 1972—admitted that irregular payments, worth \$1.3m., had been the Presidential Press officer, Brazil's Toledo Camargo stated that

East Coast dockers told to end 60-day strike

BY JOHN WYLES

NEW YORK, Nov. 29.

WITH VOTES running strongly in favour of accepting proposed three-year contracts, 50,000 United States East Coast dockers here this afternoon instructed by their union to end their 60-day strike against container shipping. After dockers had voted at 100 major ports between Maine and Texas, Mr. Thomas Gleason, president of the International Longshoremen's Association (ILA), said that partial returns against the strike had won a majority of three or more to one in favour of accepting the contracts, which had been negotiated. Dockers in Philadelphia and New Orleans would be voting tomorrow, and Mr. Gleason expected a similar outcome there. The resumption of normal working from 7 p.m. this evening comes as a great relief to shiplog companies and importers whose frustration has steadily increased during the last two months since the present striking master contract for the six major North Atlantic ports, including New York, was negotiated. The ILA insisted that this contract be broadly applied in the South Atlantic, and Gulf ports, and topped up by local settlements on such matters as

IRS ruling in new year on oil companies

By Our Own Correspondent

WASHINGTON, Nov. 29.

THE U.S. Internal Revenue Service will rule early next year on whether U.S. oil companies can claim full credit against U.S. tax for taxes paid to foreign countries in which they own oil property. Mr. Jerome Kurtz, the IRS Commissioner, disclosed this to-day at a Congressional hearing but refused to say what recommendations he has made to the Treasury Department. At issue is as much as \$7bn. that members of the House of Representatives' government operations subcommittee say is owed by some 19 oil companies to the U.S. Government. They are challenging a 1955 IRS ruling that all companies can obtain a full tax credit for production taxes levied by all producing states. Opponents of this ruling argue that production taxes of this kind should be treated as royalties and that, if they were, companies would only be entitled to deduct half the total against their U.S. tax. Representative Benjamin Rosenthal, the subcommittee would subpoena the IRS papers. "The American people are entitled to know, and there is no reason why the recommendations should be shrouded in secrecy," he said.

Koch names his three deputies

By Our Own Correspondent

NEW YORK, Nov. 29.

NEW YORK'S Mayor-elect, Edward Koch, to-day named present and former members of his Congressional staff and an erstwhile rival for City Hall as three deputy Mayors in the administration he will lead from next January. This first batch of appointments to be announced by Mr. Koch contained no surprises as the list of names had been comprehensively leaked to the New York Times this morning. The new mayor's insistence that his deputy mayors—six or seven may be appointed—will be equals is a break with tradition which has cost him the services of Mr. Edward Costikyan. Mr. Costikyan abandoned his quest for the Democratic mayoral nomination earlier this year, apparently in the belief that if Mr. Koch were successful the first deputy mayor's job would be his for the asking. However, when Mr. Koch made it clear after his election that he would not be restricting a first lieutenant, Mr. Costikyan began reconsidering his position and finally turned down a deputy mayor's post when he learned that another deputy was to be Mr. Herman Badillo, a sleek and shrewd Congressman who had unsuccessfully sought the Democratic nomination. Some observers believe that Mr. Badillo's persistence and personality will win him the number two spot and may even threaten to overshadow that of Mr. Koch.

Ten days Federal pressure gets coal talks restarted

BY OUR OWN CORRESPONDENT

NEW YORK, Nov. 29.

MINERS' LEADERS and coal company representatives bowed to Federal Government pressure today and agreed to resume concentrated and "continuous" negotiations aimed at settling a three-year pay and conditions contract. The Carter administration's concern at the prospect of a 10th coal strike from December 8 was conveyed to the two sides this morning by Mr. Wayne Aritz, director of the Federal Mediation and Conciliation Service. A spokesman for the union said that Mr. Horvitz had agreed to, and been given, assurances that intensive negotiations would be resumed. This minor achievement shows the break-up of talks last Friday when Mr. Arnold Miller, president of the United Mineworkers Union, walked out of the spinning session and warned that a strike was inevitable. Although the current contract expires on December 8, the active deadline for avoiding a

TEHRAN DAILY 09.55 NON-STOP. Our non-stop flights to Tehran run right through the week from 17 December. Leaving Heathrow at a highly convenient 09.55. Arriving in Tehran in time for dinner. And all with the comfort of a 747. Ask your travel agent about our non-stop flights, or any of our eighteen flights a week to Tehran. AIRAN AIR The world's fastest growing airline.

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OVERSEAS NEWS

WORLD TRADE NEWS

U.S., UN will go to Cairo but Soviets say no

PRESIDENT SADAT'S proposed conference in Cairo received much needed support yesterday with announcements from the U.S. State Department and the UN that they would be sending representatives.

selected as a sign that the U.S. had not abandoned its commitment to seeking a comprehensive settlement to this Arab-Israeli conflict, as opposed to bilateral agreements.

Syria's military option vanishes

IN THE PRESENT circumstances are hardly likely to be continued. In the meantime co-ordination with Jordan in this sphere that seemed to be getting under way early in 1976 has not developed further.

regime and the re-emergence to power of the civilian wing of the ruling Baath party ousted by Mr. Assad in 1970 and in eclipse since then.

IMF team due in Israel

AN INTERNATIONAL Monetary Fund delegation is due here today to study the Likud Government's economic policy.

for deficit financing. There are also growing indications that the new economic policy, with its single exchange rate, will deter rather than spur exports, except for agricultural and a few high value goods.

Iran talks on finance for N-plants

WEST GERMANY and Iran today held preliminary talks on the financing of their recently announced agreement to build four 1,300 MW nuclear power stations, costing a total believed to be around DM10bn.

Tripartite talks on

A THREE-PRONG attempt is being made on a Kenya initiative to solve the pressing political and economic problems left by the breakup of the East African Community this year.

India's £600m. oil plan

INVESTMENTS TOTALING Rupees 8,540n. (about £900m.) are to be made to develop the Bombay High and North Bassin offshore oilfields in the western continental shelf to enable them to reach an annual production of 100m. tonnes by 1981.

Frelimo retaliation alleged

RHODESIA is thought to be planning retaliation against last week's destruction of two Frelimo bases inside Mozambique, two Rhodesian settlements came under attack earlier this week from Frelimo troops.

Papua scheme 'feasible'

A MAJOR hydro-electric scheme on the Purari River to supply energy to a port and industrial complex on the southern coast of Papua New Guinea (P.N.G.) is technically feasible, according to a report prepared by consultants from Australia, Japan and P.N.G.

Aquino case to be reopened

PRESIDENT Ferdinand Marcos today ordered the reopening of the case of Philippine opposition leader Benigno S. Aquino Jr. and two ranking Communist leaders sentenced to death by a military court last Friday.

Hong Kong textile deal near

BRUSSELS, Nov. 29. WITH ONLY 24 hours to go until the formal deadline for completion of the EEC textiles negotiations, intensive efforts were under way here this evening to conclude agreements with the Community's three largest supplier countries.

Japanese ready to accept flexible tariff cuts formula

JAPAN indicated today that it was willing to accept the flexible formula for tariff-cutting in the Tokyo Round of multilateral trade negotiations already agreed in principle by the U.S. and the European Community.

Tokyo agrees EEC steel plan

JAPAN and the EEC have agreed that minimum prices - rather than quantity limits - should regulate their steel trade.

Haferkamp, Strauss report progress towards Geneva

Officials said that progress was particularly marked on the question of safeguards as defined in Article 19 of the GATT treaty.

£2m. order for Powell Duffryn

A £2m contract to install plumbing and sprinkler services in a new Intercontinental Hotel being built in Abu Dhabi, has been won by Powell Duffryn group.

China may buy more from U.K.

CHINA'S Foreign Trade Minister Li Chung, who is in London for trade talks with Government ministers, yesterday told Mr. Edmund Dell, Secretary of State for Trade, that Peking was well pleased with the British machinery it had purchased and hoped to buy more.

Ward in Nigeria

A £250,000 U.S. order has been for Ward's machinery division, set up in Nigeria by Thos. W. Ward's machinery division. This brings the total generating set business obtained in Nigeria in recent months to over \$500,000.

Dell urges Europe move

SHOULD BRITAIN achieve a positive balance of trade with the U.S. by the end of the year, the Secretary of State for Trade, Sir Edmund Dell, urged Europe to move to living far beyond anything provided by North Sea oil.

U.S.-Polish trade

U.S. Commerce Secretary Juanita Kreps, who is heading a delegation to the Polish-American trade commission meeting in Warsaw this week, said she believes the value of trade between the two countries will reach \$1bn this year.

World fibre decline seen

WORLD CONSUMPTION of all textile fibres is expected to decline again this year after a slight recovery in 1976 to around 28m. tonnes, and the overall growth rate up to 1980 is now expected to fall below even the modest 2.6 per cent annual growth in the first five years of the decade, according to Dr. Hans Koedam of the International Institute for Cotton.

Chrysler in HK

Sixty Farou lorries have been ordered by Pioneer Concrete (Hong Kong) from Chrysler U.K. to be remodelled and mobile concrete mixers, reports the Hong Kong Trade Development Council. The lorries, each with a gross vehicle weight of 24 tons cost Pioneer £540,000. They are expected in Hong Kong before the end of the year.

The impact on U.K. industry

THE GOVERNMENT has set up an interdepartmental committee to assess the likely impact on the world's industrial capacity in manufacturing capacity in developing countries.

Tarmac in U.S.

A £250,000 U.S. order has been won by Collog of Glossop, Derbyshire, the building products company, agencies report. It is for one of the British company's thermal insulation foams and was awarded following fire-safety tests under the contract.

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مكاتبنا الدائم

HOME NEWS

Matthews of the Express speaks of his right to manage

BY MAX WILKINSON

VICTOR MATTHEWS, the 58-year-old chairman of Beaverbrook Newspapers, leans across his desk in a confidential manner and says: "The trouble with Fleet Street is that the proprietors have always given in to the unions."

Appeal Court an issue of principle which he regards as of the highest importance to the country as a whole. The issue was with the Society of Graphical and Allied Trades, who tried to prevent the Express from printing extra copies to take advantage of the present shut down of the Daily Mirror's London plant. The Appeal Court backed Mr. Matthews' request for an injunction restraining SOGAT.



VICTOR MATTHEWS "I could close the place"

But, as far as Beaverbrook is concerned, "I shall not give in. It really came to me, I could lose the place down." Mr. Matthews, 50 ex-marchant man who sold newspapers at street corners in his youth, has had a hard time of it since he took over saying rather explosive things as if they were ordinary common sense, particularly about trade union practices. He looked genuinely sad when he said: "I shall not give in. It really came to me, I could lose the place down."

Mr. Matthews said: "I have strong views about this. It is an intolerable interference with the right to manage by a union which is not in dispute with us, and with any other company (The Daily Mirror dispute is with journalists). They are trying to tell us what we can or cannot do. This is a fundamental difference from the attitude of a union whose members are on strike."

Trafalgar House philosophy which rescued two other British institutions—the Ritz and the Cunard shipping line. To do the same for the Express Group, Mr. Matthews has two main aims—to put on an extra 1m. circulation, to bring the newspaper back over the 3m. of former days, and to cut over-manning.

Agreement He has already started to tackle over-manning with an agreement to cut journalists jobs by 10 per cent. in exchange for extra pay. He will be continuing the same exercise department by department well into next year. To raise circulation, he is aiming for a holder looking newspaper (with big headlines) but with the traditional Express content.

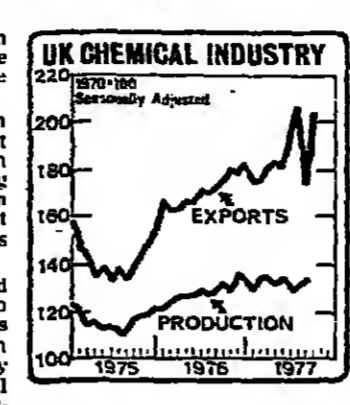
Extra copies The first was a straight fight with engineers who were claiming a 70 per cent. rise to bring them up to £13,000 a year. They claimed that they needed it to give them parity with some of the top paid printers in the country. Mr. Matthews preferred to see the London printing operations shut rather than give way. And he found, to many people's surprise, that his printers in Manchester were prepared to operate by running off extra copies. As a result, the engineers had to go back to work on terms laid down by the new chairman. One of these terms was that "management should have the right to manage."

Philosophy "We are a large group not dependent on newspapers for our income. They give us a certain independence. The money we paid for the Express could be recovered from property and other assets even if the paper folded. The takeover was, therefore, an acceptable challenge. The Express was once the most popular newspaper in Britain. The challenge is to try to bring it back to its former glory. This nostalgia for the "great days" is very much part of the

Chemical production rises by 5% in first nine months

BY KEVIN DONE, CHEMICALS CORRESPONDENT

CHEMICAL industry production in the first nine months of the year was 5 per cent. up on the same period last year. But the widespread recession in chemical markets throughout Western Europe has also bitten into U.K. output. After rising steadily quarter by quarter from the beginning of last year, output peaked in the first three months of this year. In the second and third quarters of this year, production showed a small decline. This performance has already been reflected in recent company results, with Imperial Chemical Industries, for example, reporting sales volume in the U.K. and overseas 7 per cent. down in the third quarter compared with the second quarter.



At the same time ICI pre-tax profits for the third quarter fell to £105m, compared with £149m in the third quarter of 1976. All main chemical companies in Western Europe have been hit. In the U.K., output declined in most sectors of the industry in the second quarter, according to the latest quarterly economic bulletin of the Chemical Industries Association. Soap affected The articles hardest hit were toilet preparations, soap and detergents—items most directly linked to consumers' expenditure—and synthetic resins and plastics materials. Only fertilisers and synthetic rubbers showed an improvement compared with the first three months. The CIA says that there appears to have been little change in the late summer and autumn and the Confederation of British Industry quarterly trends survey for October showed a larger proportion of chemical companies working below full capacity than in April. It also shows a drop in business expecta-

CBI and Healey to meet on pay policy

By Our Industrial Correspondent

LEADERS OF the Confederation of British Industry are to meet Mr. Healey, the Chancellor, tomorrow to discuss the progress of the pay policy. They will urge on him the need to start talks on a wide-ranging reform of the way national and local pay bargaining is conducted. On the pre-empt pay round, the CBI will emphasise the problems of employers in persuading unions to moderate pay claims, many of which are running at over 30 per cent. Mr. John Methven, CBI director general, warned in a speech in Birmingham last night that the pay situation would become tougher. He said: "Employers are holding on as best they can, and God knows it's difficult. They are hard pressed. Given the present exchange rate, employers cannot afford to give money away—much as they might wish they could."

Tarmac suppliers to be questioned about 'price ring'

BY ELINOR GOOMAN, CONSUMER AFFAIRS CORRESPONDENT

A NUMBER of companies in the road surfacing industry will be asked soon to provide the Office of Fair Trading with details of an alleged price ring which is thought to have been uncovered first by the police during inquiries into corruption. A man helping police with their investigations into the construction of a new motorway is believed to have also made a statement to the Office alleging that at least half a dozen suppliers of tarmac have allocated contracts among themselves by agreeing their tenders in advance. Under the restrictive practice legislation, it is unlawful for competitors to agree terms of trade among each other without first registering them with the Office. Failure to register means that the agreements are automatically void. The Office investigation follows the revelation earlier this year that some of the highest companies in the concrete industry had fixed prices. Its inquiries have shown that there was a network of such local agreements covering the supply of concrete in most parts of Britain. More than 90 cases have been put on the Register of Restrictive Practices and there are thought to be more to come. The alleged agreements between the suppliers are believed to be similar in many ways to those operated by the concrete companies. Their existence will be very embarrassing to the companies involved and the allegations could also prove embarrassing to the local authorities which buy tarmac. Over the next few weeks, the office will try to establish whether similar agreements operated elsewhere in the country. The companies will be given perhaps a month to furnish details of such pacts and be asked for an assurance that they will discontinue it immediately. The Director General of Fair Trading may ask for a court order preventing the parties giving effect to the agreements. Breach of such an order would be held as contempt of court. The man who made the allegations is believed to have come from within the industry and is also thought to have claimed that the parties to the agreements were driving smaller companies out of business by excluding them from the price ring.

British Steel 'could cut cost £100,000 daily'

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH STEEL, which made a first half loss of £20m, could cut its costs by over £100,000 a day by using energy more efficiently, says a Lloyds Bank executive. Mr. Geoffrey Lipscombe, an economic adviser with the bank, in Energy Management, says that the Corporation's Department of Energy news-energy bill is running at £730m. Obviously, an energy bill of over £2m. every working day offers great scope for economies. A 5 per cent. (chosen because it is an achievable target) of the bill equals £100,000 a day," he says.

Praise for North Sea investors

BY NICHOLAS LESLIE

PRIVATE enterprise achievements were given a pat on the back yesterday afternoon by Mr. Bill Bell, a managing director of Shell U.K., at the company's first informal get-together with shareholders, which was held in Brighton. The meeting was designed to give shareholders and management the opportunity to gather in a less formal atmosphere than at annual meetings and to give shareholders a deeper insight on what Shell is about, particularly in respect of North Sea activities. More than 300 people attended the afternoon session. A second meeting in the evening drew a similar number. The snap judgment of Mr. Bell and other senior Shell executives was that it had proved a greater success than they had expected.

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NEWS ANALYSIS • BUILDING SOCIETY MERGERS When bigger means better

BY MICHAEL CASSELL

The proposed merger between the Anglia and Hastings and Thanet building societies represents a major event even for an industry which sometimes appears contemptuous of anything pitched in terms of millions of pounds. The plans are interesting in themselves and could provide an important indicator of how the building society movement may progress in the next decade. Mergers of building societies are common and have been taking place at anything up to an annual rate of 30 to 35 during the past few years. In the early 1950s there were more than 1,000 societies, and though the number now is down to about 350, the process of rationalisation in an industry which has assets of more than £30bn. is only just beginning to catch an interesting stage. Of the remaining societies about 50 exist on paper only. Invariably the extinct appendages of professional practices which are unable to run building societies until legislation in early 1980s. As many as 150 other building societies still conduct business on a low-key level. The real business of attracting funds from the investing public and granting home loans—now amounting to £70,000 a year and worth £5.8bn.—rests with about 150 main societies. Even here, the main contribution is centred on just the ten largest societies, which between them account for 83 per cent of the movement's assets. Room for further rationalisation presumably exists, a point emphasised in the last annual report of the Chief Registrar of Friendly Societies. There will, without question, continue to be "mergers" which in effect involve the swallowing-up of the tiniest operations by the largest societies, but can the public also expect to see an increase in the rate of large-scale mergers? Judging by the fairly continuous barrage of criticism aimed at societies over their apparently irresistible urge to duplicate opulent franchises, any such trend would be warmly welcomed. There have already been some notable marriages in this field—such as those involving the two Yorkshire societies, and the Leicester societies, and the East and Westbourne, and the Eastern Counties—and more could well be on the way. The trouble confronting the societies was clearly spelled out by executives of the two societies involved in yesterday's announcement. Small and energetic societies should manage to sustain for

Government's money. "It is private companies that have done all this. Questions from shareholders came thick and fast, centring on the extent of reserves of oil and gas and the degree of further exploration being carried out by Shell. One shareholder brought the discussion round to the dividend, but Mr. Howard Macdonald, a director of Shell International Petroleum, could remind him only of dividend restrictions and hold out the hope of a distribution of a dividend reserve when legislation permitted. From the construction industry? "We've a couple of tough general forecasts might be useful," he smiles. "But there aren't so many around nowadays."

TELEX COSTS £30 P.A. advertisement for British Monomarks

HOME NEWS

Racial man admits he lied to jury in corruption trial

FINANCIAL TIMES REPORTER

IMPORTANT legal exchanges took place at the Old Bailey yesterday after Mr. Oliver Prenn, a deputy chairman of Racal Electronics, admitted that he had twice lied to the jury in a corruption trial involving a £4m. radio equipment contract for his company. The trial concerns Mr. Geoffrey Wellburn, 41, of Beaconsfield and Mr. Frank Nurdin, 61, of Barnet, two former Racal executives who deny corruptly giving Lieut.-Col. David Randel, 41, nearly £25,000 for help in getting the contract for Racal BCC, a group subsidiary, as part of a £100m. Chieflain tank deal with the Iranian Army in 1971-72. Lieut.-Col. Randel, who was a military adviser to the Defence Ministry at the time, denies corruptly receiving the money. Earlier the Racal group chairman, Mr. Ernest Harrison, maintained that he had no knowledge of any payments made to Lieut.-Col. Randel as he would not have agreed to them, since he was a serving soldier. He denied suggestions that he had "built-up his own defences" in various meetings with his executives when the arms deal was being probed in 1974. Then, Mr. Prenn was recalled to court to discuss evidence he had given last week about commissions to Sir Shapoor Reporter, an Iranian business consultant, for assistance over the deal. He admitted he had misled the jury over some details involved in the fees of £255,000 which had been paid to Sir Shapoor for his services to the Racal group. Judge Miskin, QC: "You lied?" "Yes," but it had been out of loyalty to Sir Shapoor Reporter, who had been very important to British business interests in Iran. Mr. Jeremy Hutchinson, QC, for Mr. Wellburn, asked: "Are you suggesting he holds the key which can unlock the door to further and bigger contracts for Racal in the future?" "He is very important in British business in Iran." Mr. Hutchinson: "You were prepared to put that consideration above the interests of justice in this court?" "I take the matter of justice in this court very seriously." Mr. Hutchinson: "When it comes to a choice between protecting the Shah of Iran's confidence and misleading this British jury, did you choose the former course?"

Exchange computer system extended

The Stock Exchange is extending its computerised settlement system throughout the U.K. and Ireland. One hundred terminals will equip its expanded RDE-remote data entry-network for the Talisman system. The terminals will be installed at 80 businesses across the country to give them a direct link in the Talisman in London. That system has been operating for city brokers and jobbers for three years through the use of terminals linked to a computer at the Stock Exchange. They provide member businesses with a link to the CHARM bargain checking system. The contract for the necessary equipment—worth £250,000—has gone to I.T.T.

March 23 deadline for contracting-out

BY ERIC SHORT

THE FINAL deadline for employers wishing to contract-out of the new State pension scheme, due to start on April 6, 1978, has now been fixed for March 23, 1978. This is a nine-day extension from the original date of March 14, given last month. The date was announced yesterday by Mr. Stanley Orme, Minister for Social Security, in a written reply to a Parliamentary question from Mr. Giles Radice, Labour MP for Chester-le-Street. Mr. Orme also explained that there could be no question of any further extension of this deadline. He urged employers to submit their applications for contracting-out to the Occupational Pensions Board well before the Easter holidays. The deadline falls on the Thursday before Easter. The new State pension scheme will add an earnings related pension to the present basic flat-rate State pension. Employers have the option of contracting-out of the State scheme and providing the earnings-related part of the pension by means of a company pension scheme, with both employees and employers paying a reduced National Insurance contribution if they do so. But if employers do not wish to pay double pension contributions for themselves and their employees, they have to submit their application for contracting-out by March 23. The Social Security Pensions Act 1975, which sets up the new State scheme and lays down the contracting-out conditions, imposes a legal obligation on employers to give three months' notice to employees and their trade union representatives before submitting the application. Thus, employers have to make up their minds before Christmas about what they intend to do. The Act also obliges the Board to allow 14 days from the expiry of this notice by employers to employees to contract-out before they issue a contracting-out certificate which enables them both to pay the lower contributions. Therefore this deadline cannot really be extended without the Act being changed. The Board announced that by the end of last week it had received just over 2,600 applications to contract-out. This means that the rate of applications to the Board has started to accelerate and almost certainly the emergency procedures announced last month are going to be brought into operation.

County borough dispute

BY DAVID CHURCHILL

THE GOVERNMENT is considering proposals to return education and social services to the nine former county boroughs which lost these powers in the 1975 local government re-organisation. But it is delaying a firm decision because of an inter-departmental dispute over the proposals. Local authority associations and unions have made clear to the Government their opposition to any further changes in local government. The nine former county boroughs with populations of more than 200,000 are Bristol, Hull, Nottingham, Leicester, Southampton, Portsmouth, Derby, Southend-on-Sea, and Stoke and Plymouth. Under the 1974 reorganisation these areas lost their responsibility for education and social services to the county councils. Since then, however, there has been widespread dissatisfaction among the grass roots of the Labour Party at the loss of these powers. The county boroughs, which lost control of the services were potential Labour strongholds. Education authorities in England and Wales have been questioned on what is taught in schools—including the attention given to the votes of industry and commerce. The Department of Education and Science. But the questionnaires, sent yesterday, are being opposed by the 238,000 member National Union of Teachers because they see them as a Government challenge to teachers' control over school curricula. Mrs. Shirley Williams, the Education Secretary, denied that she was trying to "hijack" the curriculum. "What this review is about is how we give the best education for our children." "I very much regret that the NUT will not co-operate in answering the questionnaire, but as it is not addressed to them, that perhaps isn't of crucial importance." Questions are asked about policies and arrangements of curricula, with emphasis on the teaching of English, mathematics, modern languages, science and religious studies. There is a section on sleep-taking in preparation pupils for working life. The Education Department is also conducting a survey in about 500 primary and 500 secondary schools with NUT members' co-operation—hopes to have the answers by June 30. Mrs. Williams said there would be a further round of discussions with educational groups when the results were known. If local authorities were unable to provide adequate teaching in maths or science, for example, "we would want to sit down with them and the teachers and work out what's going to be done about it."

£60,000 Coca-Cola aid for Davis Cup

COCA-COLA is to spend up to £60,000 over the next three years to support Britain in the Davis Cup. Mr. Paul Hutchins, the team manager, will have £10,000 available to defray match fees which are expected to average £300 a man, for each match and a further £10,000 to be used round-by-round as win bonuses. Next year's campaign opens in March with a tie against Monaco and continues with a home tie against Austria two weeks before Wimbledon, a date that clashes with the John Player tournament. The three men who will form Britain's Kings Cup team in January—the Essex brothers John and David Lloyd, and John Feaver of Dorset—are expected to form the nucleus of the 1978 Davis Cup team, with either Richard Lewis of Middlesex or Roger Taylor of Yorkshire as the likely fourth member.



MRS. SHIRLEY WILLIAMS ... how we get the best

Williams denies education hijack

By Michael Dixon, Education Correspondent

EDUCATION AUTHORITIES in England and Wales have been questioned on what is taught in schools—including the attention given to the votes of industry and commerce. The Department of Education and Science. But the questionnaires, sent yesterday, are being opposed by the 238,000 member National Union of Teachers because they see them as a Government challenge to teachers' control over school curricula. Mrs. Shirley Williams, the Education Secretary, denied that she was trying to "hijack" the curriculum. "What this review is about is how we give the best education for our children." "I very much regret that the NUT will not co-operate in answering the questionnaire, but as it is not addressed to them, that perhaps isn't of crucial importance." Questions are asked about policies and arrangements of curricula, with emphasis on the teaching of English, mathematics, modern languages, science and religious studies. There is a section on sleep-taking in preparation pupils for working life. The Education Department is also conducting a survey in about 500 primary and 500 secondary schools with NUT members' co-operation—hopes to have the answers by June 30. Mrs. Williams said there would be a further round of discussions with educational groups when the results were known. If local authorities were unable to provide adequate teaching in maths or science, for example, "we would want to sit down with them and the teachers and work out what's going to be done about it."

Unilever to receive £30m. aid for new paper plant

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

UNILEVER is to receive nearly £30m. from the Government towards the cost of a £100m. paper and board-making plant which its Thames Board Mills subsidiary plans to build by the mid-1980s at Workington, Cumbria. Nearly £20m. will come from regional aid grants. The rest will be provided from the selective investment scheme which the Government created a year ago with a £100m. fund to encourage companies to go ahead with projects they might otherwise reject, delay, or reduce in size because of risks involved. The £30m. involves a Government outlay of £11.5m. for project with a total cost of £123m. It includes another Unilever project—a £80,000 grant for £2.9m. Walls Wood factory in Evesham. Other projects include £2m. for a £20,000 chemical production scheme by Albright at Wilson in Whitehaven, Cumbria, £1.1m. for Vickers on a £7.5m. pumps and valves manufacturing scheme at South Marston, Wiltshire, £20,000 for a £2m. gearbox and axle plant in Hamworthy, Dorset, £1m. for Hamworthy Engineering, part of the Powe Duffry group. The selective scheme, which replaced an earlier fund called "Investment Projects Scheme", allows companies to claim £2m. for pre-project expenses and technical support, and £13.3m. for the same.

Soaring duty costs 20,000 wine jobs

BY KENNETH GOODING

ABOUT 20,000 jobs have been lost in the wine and spirit trade since April 1975, because duty increases have taken all the growth out of the market, says Mr. John Plowman, chairman of the Wine and Spirit Association. He says that the estimated 20,000 jobs would have been saved if there were no further duty changes. There should be a recovery in the second quarter of 1978. Our point in Mr. Healey's Budget is that he leaves duty alone, sale will pick up and he will get extra revenue," Mr. Plowman said. On the question of a credit period for wine and spirit duty payments, the association expects support from the Food and Drink Trade Association. "Traders have a 60-day credit period for wine and spirit duty, but they get a 30-day credit period for bond and their other goods," Mr. Plowman said. "The 30-day delay before cut of the association, and that the Government in this way has been costing the trade £15m. a year should be no further duty in interest."

Net trading profits 'down drastically'

FINANCIAL TIMES REPORTER

NET TRADING profits in Britain have declined drastically since 1964, Mr. Paul Bareaux, economic consultant to Barclays Bank, writes in the CBI Review. Even more spectacular, he says, has been the decline in the portion of the national income represented by profits. The real net trading profits of industrial and commercial companies, defined as net trading far from being excessive, had fallen from £4,570bn. in 1964 to £1,977bn. in 1975. As an index of real net trading profits based on a datum of 100 in 1964, profits dropped to 43.1 in 1975. Net trading profits, defined as the gross trading profits less stock appreciation and capital consumption, were £3,581bn. in 1964 and £2,377bn. in 1975. During the period the gross trading profits rose from £2,240bn. to £12,165bn. In 1975, net trading profits of industrial and commercial companies represented 13.2 per cent of the £23,570bn. national income. By 1975, this had fallen to 10.3 per cent, the £2,377bn. represented by profits. Profits from British companies, defined as net trading far from being excessive, had fallen from £4,570bn. in 1964 to £1,977bn. in 1975. As an index of real net trading profits based on a datum of 100 in 1964, profits dropped to 43.1 in 1975. Net trading profits, defined as the gross trading profits less stock appreciation and capital consumption, were £3,581bn. in 1964 and £2,377bn. in 1975. During the period the gross trading profits rose from £2,240bn. to £12,165bn. In 1975, net trading profits of industrial and commercial companies represented 13.2 per cent of the £23,570bn. national income. By 1975, this had fallen to 10.3 per cent, the £2,377bn. represented by profits. Profits from British companies, defined as net trading far from being excessive, had fallen from £4,570bn. in 1964 to £1,977bn. in 1975. As an index of real net trading profits based on a datum of 100 in 1964, profits dropped to 43.1 in 1975. Net trading profits, defined as the gross trading profits less stock appreciation and capital consumption, were £3,581bn. in 1964 and £2,377bn. in 1975.

Caledonian urges new cargo rates

By Michael Donne

THE NEED for a new national air cargo rate structure was emphasised by British Caledonian Airways yesterday when the Civil Aviation Authority began public hearings in London into its plans for air cargo pricing. Mr. Alastair Pugh, deputy chief executive of the airline, urged all interested parties to get together to formulate a national air freight pricing policy for scheduled services.

Plessey wins £10m. design contracts

CONTRACTS totalling £10m. have been placed with Plessey by the Ministry of Defence. They are for the systems design of air and air transceivers for use in Royal Air Force aircraft. The main part of the contract is for the PTR 1731 transceiver, suitable for the reception and transmission of digital data and secure speech. Plessey said yesterday that the contracts had "greatly enhanced the export potential for the PTR 1731. Already, successful flight trials have been carried out on a range of aircraft in a number of countries."

VAT snack concessions extended

By David Churchill

THE CUSTOMS and Excise yesterday announced a concession on value added tax payable on snacks and drinks taken away from stalls or mobile vans. After two recent VAT tribunal decisions, the Excise have decided that snacks, such as hot dogs and hamburgers, and non-alcoholic hot drinks from stalls or mobile vans, or on the sea-front, will be zero-rated from tomorrow. This extends the VAT exemption on take-away foods at present granted to restaurants. The Excise said that the new ruling does not apply to soft drinks, ice cream, crisps or confectionery which will continue to be liable to 8 per cent VAT.

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They're all tough. Built to carry big, heavy payloads. With extra high axle tolerance, so they can handle the most difficult diminishing loads.

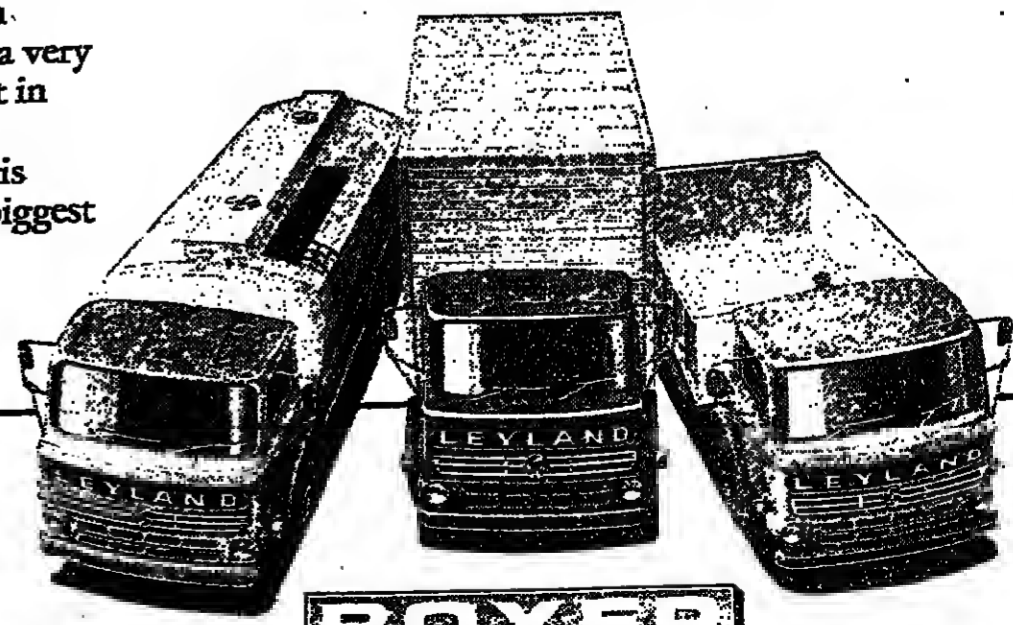
They're powerful too. The Boxers develop up to 137bhp at 2500rpm. That kind of power is well above average.

And, it takes a really rugged, reliable gearbox to make the most of it. So, the turbocharged Boxers are fitted with the same 5-speed gearbox we use on the more powerful Leyland Mastiff.

The average 16-ton truck can't boast an all-bolted frame like the Boxer 1600. And it takes a very special truck to offer the kind of comfort you get in Leyland's G-cab.

Leyland's package of support services is better than average too. And it's operated by the biggest network of distributors and dealers in the country.

You can get in touch with your nearest distributor simply by posting the coupon. And he'll be able to tell you even more about what makes the Leyland Boxer better than the average truck.



BOXER

Leyland Truck & Bus.

Please send me more information on the Leyland Boxer range and the name of my nearest distributor.

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aring duty...
000 wine...
trading pro...
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Clydesdale...
BASE RATE

Are these the week's most uncomfortable facts?



If you have the job of renting cars for your company, you could see this advertisement as a monumental piece of boat-rocking. Because our rates make Hertz, Godfrey Davis and Avis look very expensive indeed.





And if you have recommended one of them to your management in the past, that could make things a little uncomfortable for you, couldn't it.

Blame us, for not telling you about ourselves before.

And act fast, to make your company a massive sum by switching to Swan National.

This table will help you to gauge just how massive the sum would be in a full year:

Taken from current tariffs: Swan National 1st June 1977, Avis 1st July 1977, Godfrey Davis 4th July 1977, Hertz October 1977.

TYPE OF CAR	SWAN NATIONAL	AVIS	GODFREY DAVIS	HERTZ
 FORD ESCORT 1100L OR SIMILAR	DAILY PER MILE £4.25 (5p) UNLIMITED WEEKLY £49.45	£4.95 (5½p)	£4.95 (5½p)	1.3GL model £4.95 (6p)
 FORD CORTINA 1000L OR SIMILAR	DAILY PER MILE £5.85 (6p) UNLIMITED WEEKLY £63.05	£6.25 (6½p)	£6.25 (6½p)	£7.00 (8p)
 FORD CORTINA ESTATE 1000L OR SU GLAR	DAILY PER MILE £6.75 (7p) UNLIMITED WEEKLY £72.80	£8.50 (8½p)	£8.25 (8½p)	GL model £11.00 (11p)
 FORD GRANADA GL OR SIMILAR	DAILY PER MILE £9.75 (10p) UNLIMITED WEEKLY £109.85	£13.00 (12½p)	£12.50 (13p)	Ghia model £19.00 (19p)
		N/A	£141.75	Not shown

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If you'd like to find out more about Swan National, ring Tony Grimshaw on 01-995 9242.

He'll gladly tell you about short-term rental and contract hire from our vast fleet of fine cars. (Possibly the country's largest).

He'll tell you about our 70 sensibly-sited locations. (All operate our one-way rental system at no extra charge). About our InterRent link-ups in 33 countries. About our volume discounts, long term leasing, vans, and credit arrangements. About our policy of putting our resources where they matter - in the cars and services we provide.

Hence our lower rates, your temporary discomfort, and your company's enormous long-term gain.

SWAN NATIONAL



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Make the switch and make more money.

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PARLIAMENT and POLITICS

LABOUR NEWS

Peer puts plan to aid young jobless

AN APPEAL for a new scheme of work, half-education, to combat unemployment among 16 to 18 year olds was made by Baroness Sear (L), in the Lords yesterday.

PREMIER DENIES CONFRONTATION WITH FIREMEN

Our fight is keeping down inflation

THE GOVERNMENT'S determination to resist pressure for a "special case" settlement for the firemen, providing an immediate wage increase to excess of the 10 per cent guideline, was made plain by the Prime Minister in the Commons yesterday.

Limit on assembly powers rejected

By John Hunt, Parliamentary Correspondent THE GOVERNMENT'S devolution proposals came under attack again in the Commons last night with Conservative backbenchers demanding to limit the power of the proposed Scottish Assembly to repeal or amend Acts passed by the Westminster Parliament.

Why Swan Hunter men put future in doubt

BY THEIR vote yesterday to continue an overtime ban, the 1700 outfitters at Swan Hunter appeared to the outside world to be cutting their own throats.

Staff bodies dispute claim on diplomats' morale

REPRESENTATIVES of civil servants employed in the Foreign and Commonwealth Office yesterday consolidated their defence they first mounted in response to the controversial Berrill report on Britain's overseas representation.

Opposition to Post Office Board plan

BY JOHN LLOYD, INDUSTRIAL STAFF THE FIRST experiment in industrial democracy in a nationalised industry seems likely to go ahead without the support of the top management.

Judges reject parity claim

THREE High Court judges yesterday overruled a claim by engineering workers for a parity with others in their industry.

Peers criticise Medical Bill

A BILL given a second reading in the Lords yesterday would allow the reconstitution of the General Medical Council and some expansion of its functions.

General Synod ignoring wishes of churchgoers, peer claims

THE CHURCH of England's General Synod was accused in the Lords yesterday of being "totally remote from grassroots churchgoers."

Separatism

"Their aim is to drive a wedge between this House and the Scottish Assembly in order to destroy the union and destroy this House," he argued.

White-collar workers reject 10% from Shell

WHITE COLLAR workers in the General Workers' Union are also expected to vote on a company offer "strictly" without response to what is believed to have been a similar claim to that of the staff side.

The Royal Bank of Scotland INTEREST RATES The Royal Bank of Scotland Limited announces that with effect from 30th November 1977 its Base Rate for lending is being increased from 6 per cent. per annum to 7 per cent. per annum.

Tories seek to monitor oil moves by Benn AN ATTACK on the political aims of the Energy Secretary (Mr. Benn) was made yesterday by Mr. Hamish Gray, Opposition energy spokesman.

Leyland face APEX threat to sabotage pay pact LEYLAND CARS' industrial tribunes mounted last night a threat by a staff union to sabotage payment of any productivity scheme which might be negotiated for the 130,000 workers.

British Steel and union talks continue TALKS on the British Steel Corporation's problems were held yesterday between the TUC steel industry committee and Mr. Eric Varley, Industry Secretary.

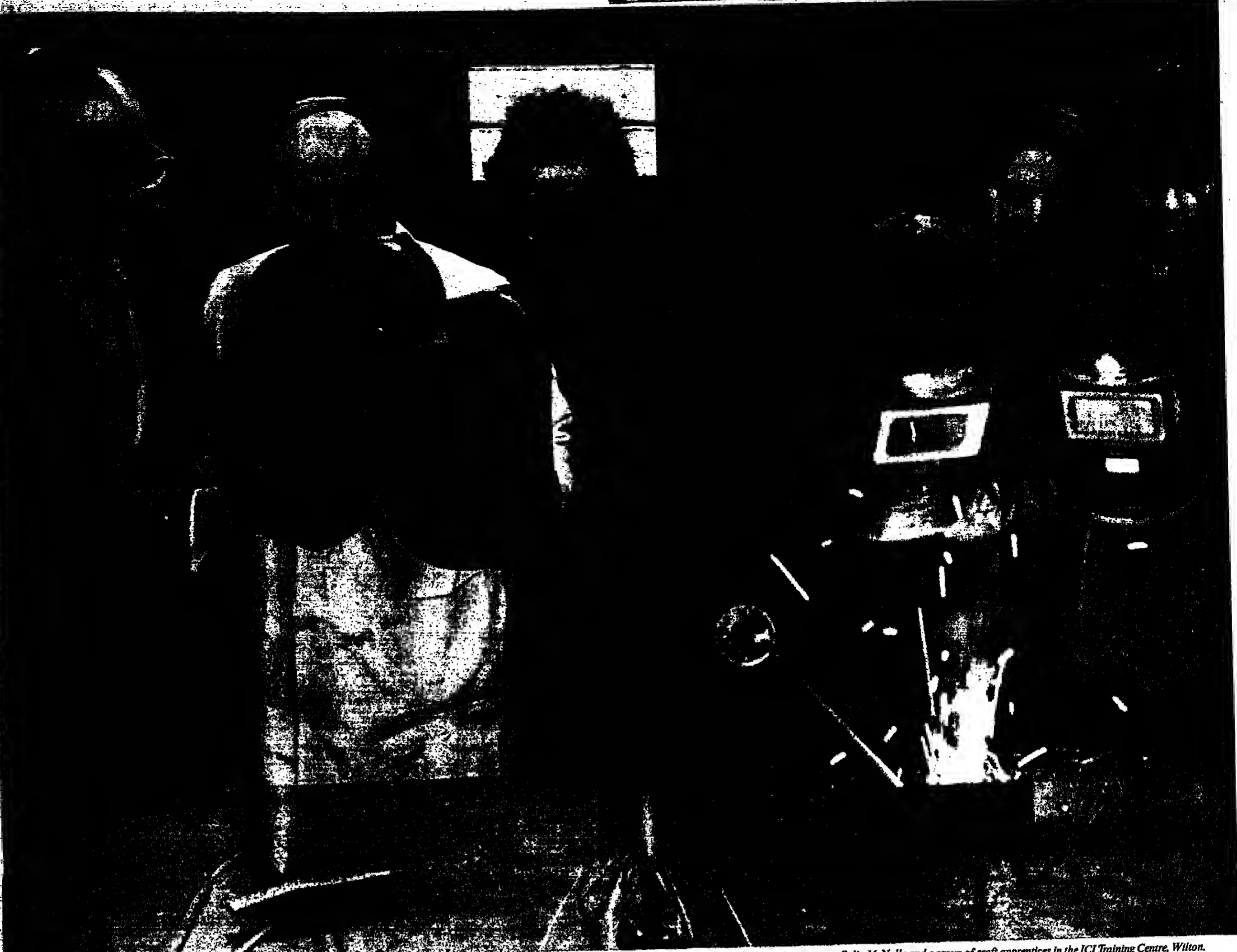
BANK OF SCOTLAND BASE RATE The Bank of Scotland intimates that, as from 30th NOVEMBER, 1977, and until further notice, its Base Rate will be increased from 6% per annum to 7% PER ANNUM.

£650,000 contract awarded for part of Jaguar plan LEYLAND CARS announced yesterday the award of a £650,000 contract, intended to form part of a £55m. development programme for Jaguar at Coventry.

For We're At a time of re and school-tes What is ICL as doing to help? with the Man able to find people in 1977 nally employ. To find ou Tessaide, its Heller, Editr Brian Jenkin ive Wilton we Heller: Sure ment's probl at ICI? Jenkins: Wel private empl

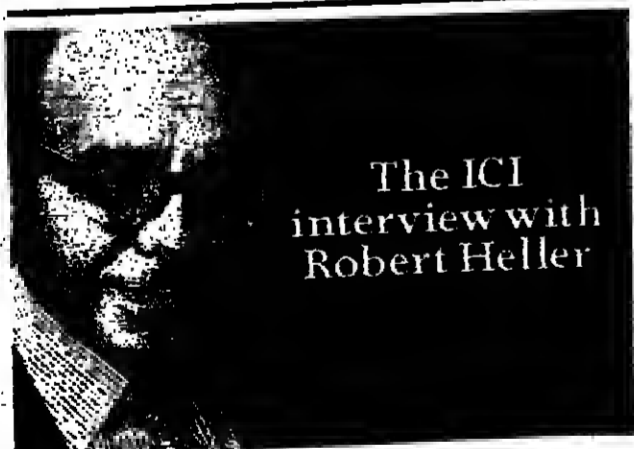
هكذا من العمل

NEWS
Hunter
in doubt
Post
plan
Judge
rejoice
claim



Robert Heller with instructor Colin McNally and a group of craft apprentices in the ICI Training Centre, Wilton.

'For youngsters, unemployment brings apathy and lack of purpose. We're determined to avoid that kind of deprivation around here'
Brian Jenkins, ICI



The ICI interview with Robert Heller

At a time of record unemployment, young people and school-leavers are particularly vulnerable. What is ICI, as one of Britain's largest companies, doing to help? Country-wide, ICI, in conjunction with the Manpower Services Commission, was able to find employment for over 600 young people in 1976 in addition to those it would normally employ.

To find out how ICI is tackling the problem on Teesside, its main manufacturing site, Robert Heller, Editor of 'Management Today' talks to Brian Jenkins, Personnel Director at ICI's massive Wilton works.

Heller: Surely unemployment is the Government's problem. Why should you worry about it at ICI?
 Jenkins: Well, for a kick off, we're by far the biggest private employer on Teesside. We believe that it is

crucial for an industry the size we are in this area to live and survive as good neighbours. And that means paying attention not only to getting the youngsters we need to train but also to the total environment. For youngsters, unemployment brings lack of purpose. We're determined to avoid that deprivation here.

Heller: So you're increasing the number of people you normally take on in the course of a year?

Jenkins: On Teesside as a whole, we take on 200 plus young people annually for permanent employment. But it would be wrong for us to say 'come in all you youngsters in the neighbourhood and work for us'. We're in business to make a profit. To create wealth. What we have done is to take a generous look at, for example, our skilled apprentices. We take more than we need. In fact, over the past few years there's been a considerable



Skills appreciation in action with Instructor John Fletcher in the ICI Training Centre, Wilton.

increase - at Wilton, our 1976 apprentice intake was 50% higher than that in 1973.

Heller: What else do you do?

Jenkins: We've started a new scheme for training process workers, the people who actually operate the plant and machinery. We'll take on about 60 young people for training on Teesside this year.

Heller: How long does this training take?

Jenkins: Two years - much of it at a local technical college. They'll end up with City and Guilds qualifications. They also, along with our craft apprentices, undergo a certain amount of adventure-type training at our own training ground out in the hills. And they're encouraged to work in the community. It's a fairly rounded training.

Heller: To a large extent these youngsters must be the pick of the teenagers in the area. Do you do anything for the vast majority of youngsters who don't measure up to your standards?

Jenkins: Working mainly through the Manpower Services Commission work experience scheme, we give about 200 youngsters here on Teesside a chance to see what goes on in industry, to see what people do at work. These are youngsters who are unemployed, or who come straight from school.

Heller: Is the experience a benefit to the young people themselves?

Jenkins: We believe so. For instance, we spend some time during the weeks they're here actually sitting down with them and asking them about what they want to do with their lives. Telling them about how to prepare for interviews, how to write letters asking for an appointment and so on.



Brian Jenkins: "On Teesside as a whole, we take on 200 young people a year for permanent employment."

Heller: Do many of them go on to full employment?

Jenkins: Yes. About two thirds of the youngsters go on to get jobs. We think our rate of success is quite high. One of the curious things about schemes for unemployed youths is the very parental attitude it brings out in our staff. Often foremen will ring up supervisors in other companies and say, 'I've got a likely looking lad here. Would you like to see him?'

Heller: What about the young people themselves. Do they seem to be interested in industry, do they co-operate and work well?

Jenkins: Oh yes. If you put sufficient effort into helping them, you find you are on fertile ground.

...e pay pack
...award
...plan

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETTERS

COMPUTERS

Big machine dilemma for Honeywell

CELEBRATING the shipment... Relatively little has been re-

Accepted that the French company needs... National costs for the new large machines...

This does not take into account... HIS says its biggest array in the new distributed processing (DPS) equipment...

Extensive redesign... Immediate noticeable is the reduction in gear noise...

Minis speed messages

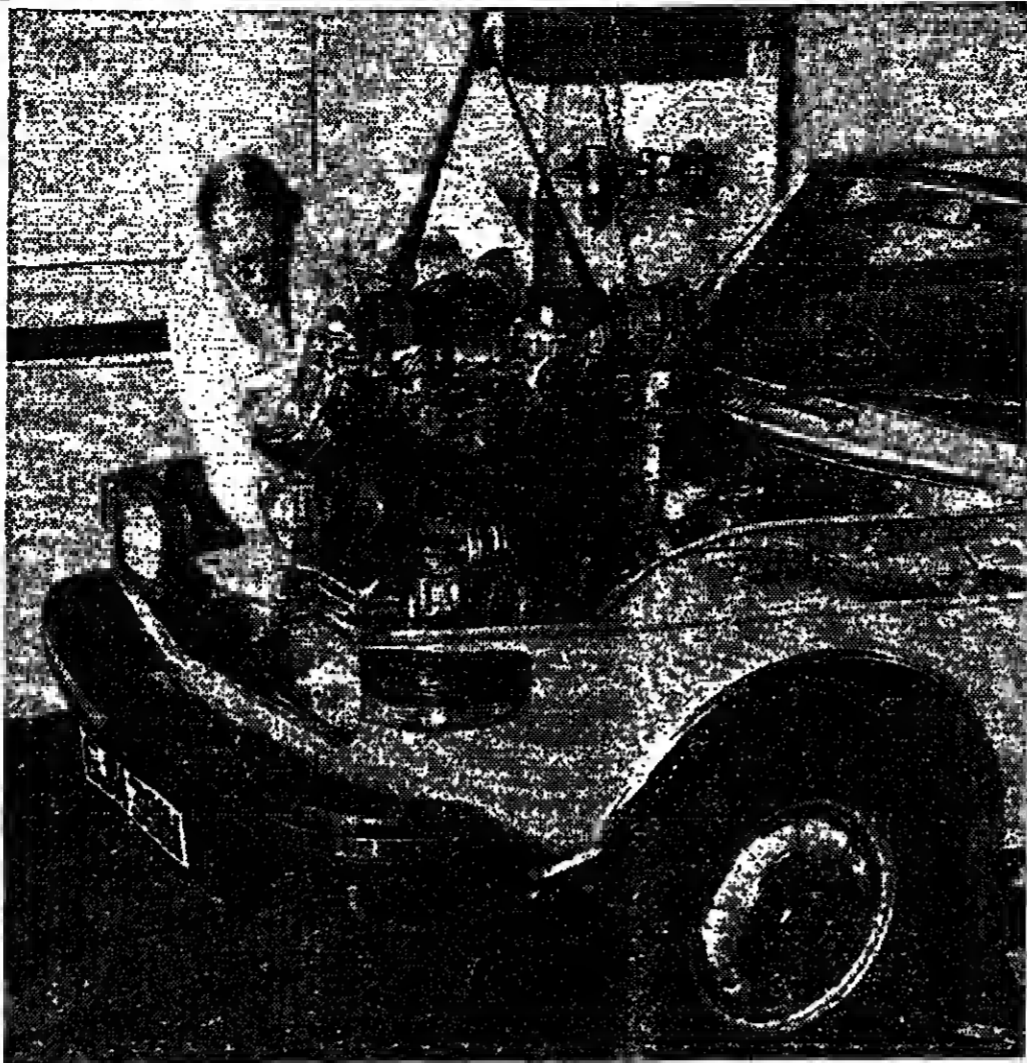
AN ADVANCED minicomputer-controlled system for routing and generally dealing with messages within its mobile communications network...

Known as Consort II, the system has been produced by Burdette and makes use of the Naked Mini from Computer Automation.

Building design system

APPLIED RESEARCH of Cambridge has entered into a contract to provide a major part of its OXSYS/FEDS, building design system for the Kuwait Prefabricated Building Company.

TRANSPORT



Saab engine with chain drive transmission being installed in a test vehicle. The chain case cover can be seen at the front of the engine.

Chain transmission system

FRONT WHEEL drive cars can now be fitted with a multi-strand, staggered roller chain transmission system for transferring power from the engine to the gearbox.

Developed at the Renault Group's research laboratories, the drive, which is being installed in the latest model Saab 99 cars, offers a number of advantages compared with the conventional geared transmission.

Immediately noticeable is the reduction in gear noise, including the elimination of whine under load, and of rattle at take-over speeds.

Silent operation is achieved by using three chains running on triple-tooth sprockets, with the teeth out of phase.

ENERGY

Aids recovery of useful heat

INCREASED energy costs provide extra incentives in the development of air conditioning systems with heat reclaim capacity.

Developed specifically for heat recovery, the latest range of Westinghouse PH centrifugal heat pumps is available through Heat-Frig, which suggests their inclusion in the cooling plant so that the condenser heat is utilised instead of being thrown away.

GRAPHICS

Automated drawing by IBM

INTERACTIVE COMPUTER display stations, two display controls and a control unit will be graphics equipment for use in engineering, scientific and business applications.

The 3250 attaches to an IBM System/370 and comprises a control unit, a display control, and a display station.

HANDLING

Picks the packs at speed

FULLY automatic, an order picking system for distribution organisations which have to select items from a large range has been developed by Gallagher Distribution Enterprises.

The equipment combines the high speed necessary to enable 2,000 orders, each with 60 mixed items, to be assembled in six hours with the accuracy needed to satisfy the requirements of both customer and Government authority.

METALWORKING

Laser cuts and drills

DESIGNED AND built in the U.K., a 500 W carbon dioxide laser intended for production cutting, welding, drilling and engraving is now available from Laser Technique.

Main design advance is the ultra short resonator which has no optical folds, producing a compact tool.

Power can be varied continuously from zero to full in microseconds, under electronic control. The beam is stable, and remains in single mode at all power levels.

The first four production models have already been sold. One is being used for engraving flexographic rollers.

DOWTY mining equipment worldwide Cheltenham, England

COMPONENTS

Plugs for dangerous areas

INTRINSICALLY safe, a mould pole shielded free plug, the L1904A/EPB, is the latest addition to the Belling-Lee Blencoor series of connectors.

Drum units to Belgium

BRITAIN'S manufacturers of drum units, Bell Telephone Manufacturing Company of Luton, are sending 3,000 units to Belgium.

These model 3035 drum units will be delivered to the country in two shipments.

Other products such as books, cassette records and plastic sachets, appropriate methods are available.

Further from the company at 171, Portland Road, Boreham, Essex. Tel: 0206 753215.

Midland Bank Base Rate

Midland Bank Limited announces that with effect from Wed. Nov. 30th 1977, its Base Rate is increased by 3/4% to 6 3/4% per annum.

Deposit Accounts Interest paid on accounts held at branches and subject to 7 days' notice of withdrawal is increased by 1% to 4% per annum.

Midland Bank

SANYO TOKYO SANYO ELECTRIC CO., LTD. DM 60,000,000 4% Convertible Debentures 1977/1983. List of participating banks including Dresdner Bank, Danwa Europe N.V., and others.

The Royal Navy Their disabled The Merchant Navy Their pensioners The Royal Marines Their widows Our Fishermen Their children King George's Fund for Sailors looks after them all. In this Country of ours, there is no-one who is not connected with the sea.

This Advertisement complies with the requirements of the Council of The Stock Exchange in London. U.S. \$30,000,000 City of Gothenburg (Göteborgs Komman) 8 1/2 per cent. Bonds due 1987. The following have agreed to subscribe or procure subscribers for the Bonds: Skandinaviska Enskilda Banken, Union Bank of Switzerland (Securities) Limited, PKbanken, Algemene Bank Nederland, Deutsche Bank Aktiengesellschaft, Sparbankernas Bank.

FINANCIAL TIMES SURVEY

Wednesday November 30 1977

صكنا من الأجريل

City of London Property

The Square Mile contains some of the most sought-after, prestigious—and most expensive—property in Britain. Yet remarkably little is known about this potential investment market, which in spite of its comparatively small size, is distinctly segmented into different areas which meet different needs.

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5,000-65,000 sq. ft.

JONES LANG

FOR SALE

SELF-CONTAINED BUILDING
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6,160 sq. ft.

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TO LET

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56-64, LEONARD STREET, E.C.2
31,000 sq. ft.

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TO LET

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13,000 sq. ft.

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TO LET

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8,800 sq. ft.

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TO LET

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5,288 sq. ft.

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TO LET

5, MOORGATE, E.C.2
6,740 sq. ft.

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TO LET

BANKING BUILDING
AUSTIN FRIARS, E.C.2
6,900 sq. ft.

JONES LANG



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TO LET

HERON HOUSE
HIGH HOLBORN, W.C.1.
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TO LET

SOUTHWARK TOWERS, S.E.1.
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Outlook is for rent increases

NO TWO FUNDIS can agree on the outlook for office rents in the City of London. And, as space users' calculations suggest, the City's near 40m. square feet of net office space accounts for just over an eighth of the country's total office floorspace and a significantly higher proportion of Britain's prime quality offices. No single question has more import for commercial property market at the moment.

The perceived wisdom is that the lack of supply of modern offices will inevitably result in a supply/demand imbalance, and an eventual surge in office rents. This wisdom is perceived most acutely by letting agents justifying higher asking rents.

A more reflective view of the current market, and not necessarily a more accurate one than the agents', is that there are several factors to inhibit City office rent growth over the next few years, factors that were not influencing the market during the last volcanic period of rental growth in the early 1970s.

One of these limiting factors is the pace of rate charge increases in the past five years. A 100 per cent increase in office rates, to around £3 a square foot, is a massive dampener on rent increases. But in a period of irresistible

demand and acute shortages of space would rates enter into space users' calculations sufficiently to prevent a rental leap?

Space

Another potential curb on future rent growth is the continued exodus of companies from the City. As one example the major British clearing banks account for nearly a fifth of City office space, and much of that space is in prime locations. When National Westminster Bank moves its international staff into its monster tower block it will release space in several other prime offices and vacate Drapers Gardens, one of Mr. Harry Hyams' more successful monuments. If the other clearing banks were to follow NatWest's example or take the relocation trail out of the City, some of the more extreme views of an office supply shortage would begin to look unrealistic.

It is also easy, but unwise, to ignore the potential supply of new offices that could flood the market if predictions of rental increases began to filter through to developers' calculations.

Allowing a minimum of a three- to four-year gestation period for even ready-made

development sites shelved when the property market's bubble burst in 1973-74, over-enthusiastic forward projections of rental growth could begin to draw institutional finance into new City office buildings and prime another building boom providing space in the early 1980s.

As insurance companies and pension funds struggle under the weight of ever increasing inflows of investable cash, there is a growing temptation to take talk of £25-plus a square foot City rents by 1980 as justification for funding speculative office developments. And a great volume of new building could well upset the supply/demand basis of the very rental projections used to justify these investments, thus undermining prospects of achieving such rents.

As the debate on City rents takes endless twists and turns through the imponderables of forward projections it is tempting to sit back and be convinced by agents' sales patter into the comfortable feeling that there is a simple gradient of rental growth that relates to building costs and to supply shortages.

The perceived wisdom is, after all, generally correct. Rather than attempting a classical pundit's all-embracing


generalisation, with all its simplistic and, therefore, inaccurate views on the future, this survey attempts to put the two classically opposed views on future rental growth, that of the academic outsider and of the agent directly involved in the market.

For the academic viewpoint we have chosen Mr. Christopher Walls, property analyst of stockbrokers W. Greenwatt and Co. Mr. Walls has achieved an impressive reputation as a commentator on the property market. Within the property market Mr. Walls' comments on the industry have been received with interest and with, on occasion, sharp criticism. His views on the need to apply discounted cash flow calculations to property valuations have been seen variously as hilarious, irrelevant and as embarrassing by those in the market who still rely upon "seat of the pants" feelings for their bases of valuation.

Equation

On rents Mr. Walls has strong views on the supply/demand equation, arguing that secondary space in the City is more flexible a commodity than must observers would believe. And in his article Mr. Walls puts the case for a cautious view of City office rental growth.

Mr. Farr, senior partner of the City oriented agents Dron and Wright exemplifies the market approach to the City. In his comments Mr. Farr echoes other agents' feelings of reviving confidence in the City. Mr. Farr's views, shown



Mr. Square Footage in the Square Mile

EC1	City Road Entire Office floor in modern building. Lifts; central heating; redecorated; low rent	6850 sq. ft. approx
EC2	Copthall Avenue Modern Office Suite. Prestige entrance hall, air conditioned Boardroom. Close Stock Exchange and Bank of England.	3850 sq. ft. approx
EC2	Worship Street Good office accommodation. Prestige entrance hall. Low rent.	1920 sq. ft. approx
EC3	Lombard Street (off) Small prestige office suite. Redecorated, carpeted. Close Bank of England.	747 sq. ft. approx
EC3	Mark Lane Two office suites in modern building. Lifts; central heating; attractive entrance hall.	1445 & 565 sq. ft. approx
EC4	Cannon Street Small economical office suite. Good natural light.	670 sq. ft. approx

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RENTS

The agents' view

FORECASTING THE future pattern of rents in any city, whether an international capital or a provincial business centre, is a perilous undertaking, for it presupposes the ability to combine the science of the slide rule with the perspicacity of a seer. In the City of London this is even more true because the City's international financial role as the world's primary centre for international financial transactions is increasingly susceptible to fluctuations in world economic conditions.

The changing value of sterling, for example, will clearly have some effect on rental values in the City. The recent sterling appreciation, combined with the other indications of an upswing in the British economy, tend to underline the importance of the City as an international financial and trading centre and will, thus, probably lead in due course to increased demand from banks, finance houses and other bodies for accommodation within it.

The City already has more banks operating within its boundaries than any other world capital. The indications are that the number of banks and their total space requirements will continue to rise so long as the City remains a stable and efficient centre in which to conduct business.

The U.K. balance of payments, now beginning to move into surplus, will also have an effect on rentals in that the atmosphere of confidence and optimism engendered by a strengthening economy should lead to an increased demand, albeit small, but nevertheless significant, from foreign organisations to whom the City is still a very prestigious and important centre.

One vital factor, however, which affects rental levels now, and will do so in the future, is inflation. Here, so long as the U.K. performance is brought closer to that of its competitors, the trend can only be upwards, though there may be periods when the curve flattens temporarily before again climbing. If rents do not continue upwards, then fewer and fewer new buildings will appear, if only because building costs continually rise.

The effect of all these and other factors is that, provided there are no major economic

setbacks, City rents in the next few years in most prime banking and insurance locations are likely to hold at not less than £15 per square foot. It is possible that for a year or so such rents will have reached a temporary plateau but, banking halls and similar desirable premises, could show an appreciation.

Banking halls are now at £20 per square foot and upwards. One banking hall is under negotiation at a rental equivalent of £25 per square foot. It is axiomatic, however, that a prime location includes a prime building—fully air-conditioned and well furnished.

As regards the shipping and commodities areas, the best space commands a lower level of rental, ranging up to about £12 per square foot.

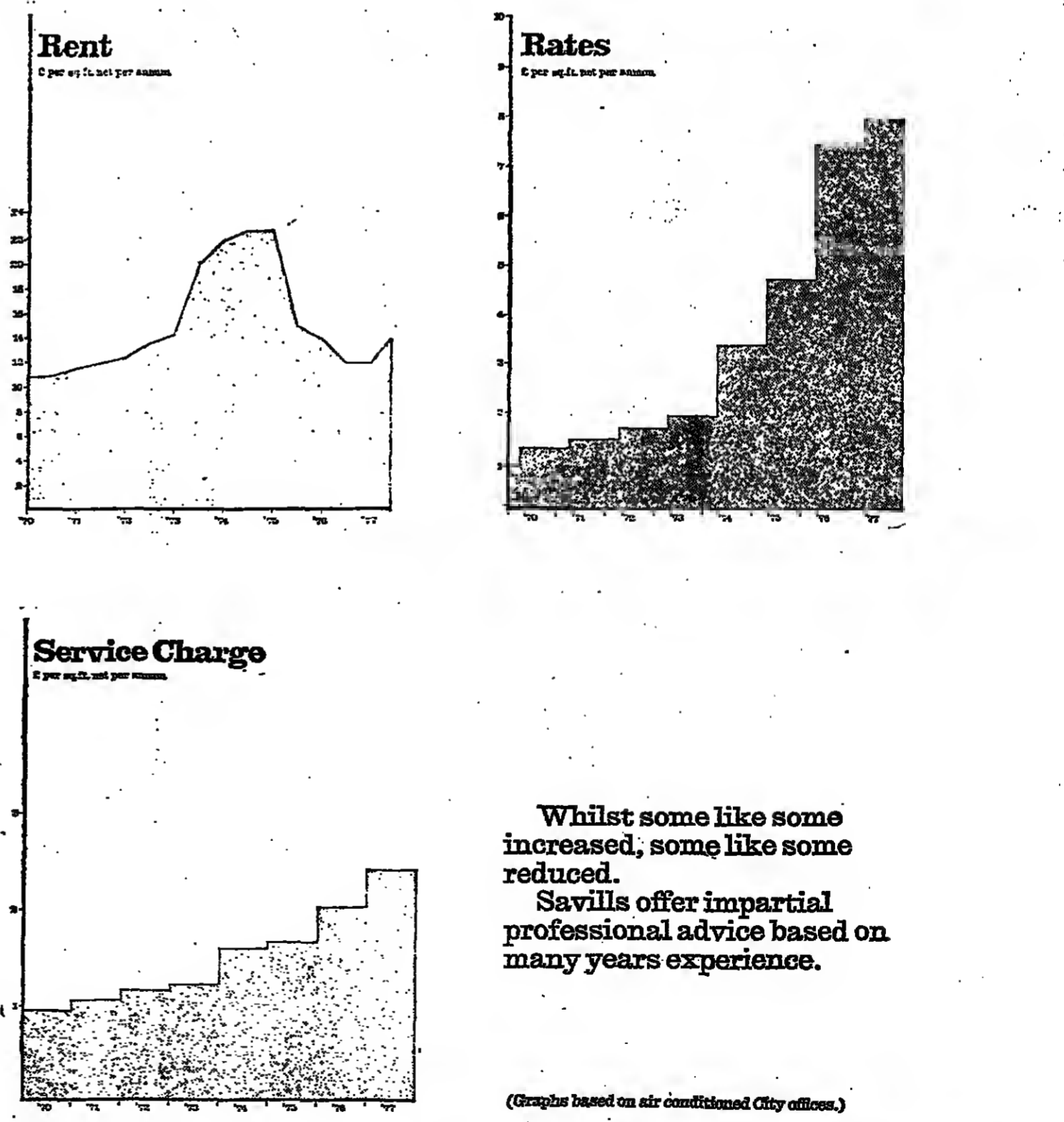
Whereas it is unlikely that in the early future prime sites will rise much beyond the figures mentioned above, there is a distinct possibility that less prime sites will show a clear upward movement over the next few years, as more buildings in such locations are thoroughly refurbished and made attractive to prospective tenants who desire a presence, or a larger presence, in the City but are not prepared or able to pay the prime site rentals.

Location

In the City property market, location is a most important factor. A poor building in a good location is generally lettable. A good building in a less desirable street is almost invariably more difficult to let. In these days of modern telecommunications, clients do not tend to visit as frequently, if at all, the financial institutions, nor do they judge the standing so much on appearance. As far as rental levels are concerned, the address can frequently mean more than the structure that stands on it.

One problem is to discern the criteria upon which people judge a location as desirable. Historically, the "desirable" areas appear to be those traditional areas where people have always wished to trade and still wish to, irrespective of whether those particular areas are, from a communications point of view and other factors such as eastwards has probably reached

Your sure-footed guides to the City of London



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RENTS

The brokers' view

CONVENTIONAL economic wisdom would have us believe that property is a hedge against inflation: indeed, it is only a few years since we were told that it was the hedge against inflation. In my view this is at best only a half-truth. The evidence of the City office market over the last few years, and the evidence from cities such as New York over the last 25 years, is that inflation does not necessarily have an impact on rents (and hence property values) in either the short or the long term. The events of the late 1950s-early 1960s and the very early 1970s have tended to lead too many people concerned with property to forget a basic economic truth, that property is only a long-term hedge against inflation if it is located in a growth area. With this in mind, what are the prospects for growth in City office rack rents over the next few years?

The problem with the market in City office floorspace over the last few years has been more one of over-supply rather than one of lack of demand. Over the period 1974-76 some 6.5m. square feet net of office space was let in the City. Unfortunately over the same period 9.5m. square feet net of space came on to the market.

The point that is of interest is that of this total of 9.5m. square feet, only 2.8m. square feet was accounted for by new development space with the balance of 7m. square feet being accounted for by "old" office space. The major problem in attempting to assess future trends in City office rack rents does not lie in attempting to predict the amount of space that will probably be let, which, given the experiences of 1974, it would seem reasonable to assume will at least be maintained at the level achieved over the period 1974-76. Nor does the problem lie in attempting to predict the amount of new office space that will come on to the market up to 1980 since this is effectively fixed for up to five years in advance. The problem lies, I believe, in the fact that a two-tier market is developing and will continue to develop in City office space. We could, over the next few years, see growth in rack rents on brand new very high quality City office space for this kind of space is likely to continue to be attractive to firms requiring high quality prestige offices in the City. The amount of such space coming on to the City market is 1977: 650,000 square feet net; 1978: 450,000 square feet net; 1979: 150,000 square feet net; 1980: 250,000 square feet net.

tion of Offices Bureau show that there was a major increase in 1973/74 in the number of jobs being moved out of the E.C.1-E.C.4 area. The distinct possibility must exist that, with rent and rates now playing such a major role in the City in a firm's total overhead costs, the occupiers of old and/or secondary office space will continue to place space on the market. It would seem a not too unreasonable assumption that the major occupiers of secondary or old office space are those firms for whom the containment of overhead costs is of more importance than prestige office space. Such firms must still be under intense pressure to keep their increases in costs to an absolute minimum. It is possible, therefore, that we will see over the next few years a continuing high level of old space coming on the City office market as firms decentralise in an attempt to contain their costs. Given that the cost pressures are the same for all occupiers of such space it is difficult to see where the demand for such space will come from. We could well see, therefore, a continued depression in rents for such space.

most of which would have been completed by, say, 1957, and let on leases with 21-year rent reviews at around £1 per square foot. There is, therefore, likely to be a larger bunching of rent reviews in the late 1970s/early 1980s than might otherwise appear to be the case. The likely pattern of rent reviews agreed since 1945 tends to reinforce my worries on what could happen to the supply/demand position for old office space in the City in the late 1970s/early 1980s. A further problem in trying to decide what is likely to happen to City office rack rents over the next few years (and, indeed, in the very long term) lies in attempting to discover not just where the demand for office space will come from but the nature of the demand.

Quality

An examination of the statistics over the period 1966-1976 on the daytime working population in the City coupled to the growth in office floorspace indicates that the reason why the late 1960s/early 1970s enjoyed such a high rate of rental growth was not that there was an influx of workers into the City generating a net demand for City office space but that there had been an improvement in working conditions which led to a net demand for office space. We do not, unfortunately, know at what level of office space per employee demand will stabilise but clearly people do not have an infinite demand for space.

Space

From these figures it is clear that there will be a sharp fall-off in the supply of such space towards the end of the decade. If the letting rate on such office space holds up (and it is unfortunate that there are no separate statistics available on the letting rate for office space) then we could well see an increase in rack rents. The major problem lies in attempting to predict the amount of "old" office space that is likely to come on to the market over the same period.

An analysis of the total rent and rate burden on City offices demonstrates that the major increase in costs was between 1970 and 1974 when prime space costs rose by 91 per cent, and secondary space costs by 110 per cent. I recognise that "old" and secondary are not necessarily synonymous but for the purposes of the argument the terms may serve as approximations. Figures provided by the Loca-

placed insufficient emphasis is the environmental aspect of life for those who work in the City. With the continually growing emphasis on safe and comfortable working conditions for office staff and with the relatively full employment situation of the South East, the availability of good staff will determine to some extent the demand for office accommodation in the City. Hence the need to make every effort to ensure the City constantly improves as a civilised place in which to work.

There is still far too much traffic and the pedestrianisation schemes however well-intentioned, are insufficient panacea. At one time the pedestrian held sway in the City but, alas, no longer. Similarly, there is little doubt that far too many old and beautiful buildings in the City have been destroyed in the past in redevelopment schemes. These could still be there today without impeding the efficiency of the City. The conservationists have been slow off the mark to protect the City and have, regrettably, misused much of their energies on trying to preserve far less estimable buildings in less estimable places.

Agents

CONTINUED FROM PREVIOUS PAGE

Its limit. It would have been a larger and faster movement had it not been for the intractability of the planners in the past and for a measure of over-conservatism among some of the organisations wishing to decentralise. Those companies which got in early and have already moved to this potentially extremely important area are unlikely to regret it and may well have outpointed their rivals who decided to move further away.

Another interesting move has been that of some of the major American banks, such as the First National and the Chemical, to the area of the Strand where rentals for high-grade space are lower and rates proportionately lower still.

The future rate pattern may affect demand for space in the City more than any other factor. Rates, currently at the astronomical figure of 78.3p in the £, are reaching levels of 88-10 p per square foot. When added to a service charge of £2 per foot and rentals of, say, £17.30, the combined total means a package approaching £30 per square foot. In the Strand the equivalent local rates would be £5-6 per square foot, the service charge about the same and the rent at about £9.50-£10, a total of, say, £18.

Redevelopment

There are, of course, other reasons why the American banks may have decided to move to the west, not least being their need to remain close to companies such as the oil giants now increasingly concentrating in the West End and Victoria area.

There is one sector of the City property market where there would seem little scope for upward movement. This is in the older, more basic property. It is this type of property which so often in the past has led to redevelopment and although there could be minor upwards tilters, the likelihood is that rents here will remain stable for the foreseeable future.

One factor upon which perhaps the planners and the property world appear to have

Christopher Walls
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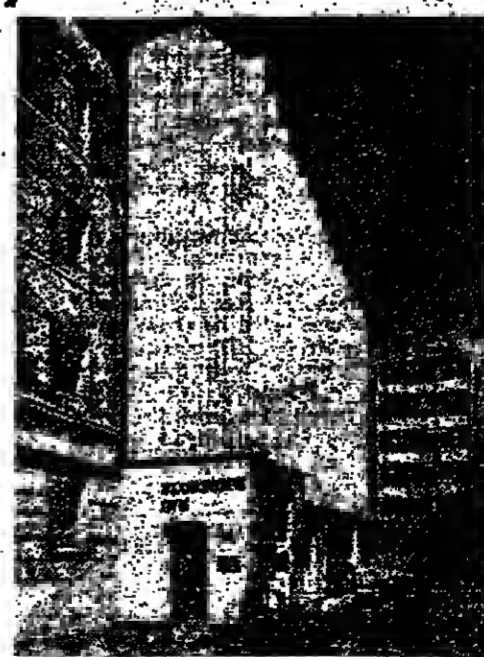
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CITY OF LONDON PROPERTY V

Planners under scrutiny

CITY Corporation is in shopping for the simple fact that the latest statistics available relate to 1971. The paper points out that between 1967 and 1971 over 120,000 sq. ft. of retail space was lost by change of use. Figures on space are apparently not available for the period up to this year, which incorporated the busiest rebuilding years seen since the war. What is known, however, is that the reduction in retail space did not stop in 1971. Between 1970 and 1974, 93 retail units changed their use and only 27 per cent of them involved adding to the retail floorspace.

Weaknesses such as these, however, are inherent in the nature of Development Plans and the City's planners, at least, have a compact area to control in that gaps in statistics can often be filled from first hand knowledge.

Finally, the study papers provide a projection of floorspace requirements into the next decade. Developers and estate agents will, no doubt, be keenly alert to the implications for planning permissions contained in paragraph 5.18 in the paper on Economic Activity.

It does not seem that there is likely to be a general shortage of office space for at least three to four years. By that time the current downturn in office floorspace resulting from planning permissions will be manifesting itself in lower net increases arising from construction. It is also possible that the GLC will be strictly implementing its restrictions on office development in Central London. This would limit the construction of additional office space and could lead to increased rents.

Two other major schemes have already been much written about. They are British Rail's ambitious plans for the redevelopment of its Liverpool Street/Broad Street site, while not a brewer's dray ride away is Whitbread's plan for its Chiswell Street brewery where initial construction work is underway.

Another 20 or so office blocks are still under construction including the 620,000 square feet National Westminster Bank tower in Old Broad Street where costs have risen to a breathtaking £72m.

There are an equal number of schemes with outstanding planning permissions. Some of these, like the plans for a new Baltic Exchange in Calter Street, are in abeyance and may never be built. Others, like the refurbishment and extension to the Daily Telegraph building, are finally due to proceed after considerable delay. In all they total nearly 4m. square feet.

So far so application has yet been formally lodged for this Bow Lane, a conservation area, between Cheapside and Cannon Street. Both have come in for considerable opposition. The holding joint discussions. By contrast with the feverish missioners, has already been activity throughout the early granted planning permission and years of the decade, there is only a trickle of new development going on in the City. In the main, new schemes will be restricted to smaller in-fill building not only through planning decree but also because of economics. Nevertheless, there is not yet a total standstill, and opinions are deeply divided between those who think the supply of office stock will be sufficient for the City's needs for the next few years and those who believe scarcity of supply will squeeze the City's natural growth.

Christine Moir

The rate burden

Even with the restrictions created by dated information the study papers do still provide a good deal of useful information. Not least, for instance, among the facts and figures about office floorspace, is the disturbing information that the City's stock of small office units is virtually obsolete. Over 68 per cent of those under 1,000 sq. ft. and 51 per cent of those over 1,000 sq. ft. and just before 1908.

Unfortunately there is no firm base for analysing demand for such small units as they fall outside the net of the Office Development Permit system which requires a certificate only for space over 10,000 square feet. What is known, however, is that certain types of business, notably professional services, advertising, and transport services—mostly operate from units smaller than 3,000 square feet. Apparently, even 40 per cent of the units occupied by banking, insurance and financial concerns, are in this size range.

The studies also confirm the increasing influence of the finance industry in the City's economic affairs. Banking, insurance and finance occupy a quarter of the City's office units and almost half the floorspace. These occupations, apparently, rely more and more heavily on

professional and managerial staff rather than clerical workers whose numbers are steadily declining. There may well be some connection between this trend and the fact that the amount of space allocated to each employee is steadily rising. From 213 square feet in 1971 it rose to 245 square feet in 1974 and, though these figures are based on gross floorspace figures, they are in line with other similar analyses.

LAST YEAR the Labour Party controlled Greater London Council was committed to the abolition of the City of London as a municipal authority. The GLC's opposition in the City focused on the parallel targets of a Mayoral system which, Whittington like, continues to overshadow the grey bureaucracy at County Hall despite its tiny catchment area of resident voters, and at the City's £224m. rateable value.

A change of political control at County Hall and Parliamentary rejection of a bill proposing abolition of the City's powers has killed pressure to abolish the autonomy of the Square Mile. But, if jealousy of the Lord Mayor of London's pre-eminence in the public mind as the leader of the capital's local authorities has been temporarily silenced, there is still a residual feeling within County Hall and the inner London boroughs that the rateable income strength of the City has not been fully realised.

The rateable strength of the City is apparent to even the least trained eye. Its very skyline is an invitation to envy by cash-stretched inner London boroughs, even if their own rate-take has been most severely limited by their inability to see that property developments require at least an element of profit to justify the demands

for planning gain and social needs. It is, therefore, hard to argue a popular case for City independence as a privileged principality within the capital. The ermine lined authority of the City Corporation, and its gold lined rate income makes it a very vulnerable target for outside attack.

Defence

The two pronged defence of the City centres on its tourist and commercial public relations appeal, justifying the ermine and feathers of its leaders, and upon its efficiency as a local tax gatherer. This year the City's 7,500 permanent residents and its 350,000 daily commuters are expected to generate £157m. of rateable income, and only £24.4m. of that total is to stay within the City.

In all, the City expects to spend around £26.6m. this year. The largest single cost is the City Police, at £6.2m., housing £4.1m., and library services, which are used by companies and individuals internationally, have a £2.4m. budget. Highways and cleansing take a further £5.2m., health services £1.8m. and other miscellaneous costs run to £2.6m.

On balance it is hard to justify other inner London boroughs' jealousy of the City's

As City rents firm, however, the case for a move from highly rated property must become increasingly persuasive even if the weight of rate charges prevents a repetition of the pace when office rents last peaked in the early 1970s. In any case, it is very hard to see any commercial logic in calls from outside the City for a more peal rate charges. Higher charges would merely force space users from the City and undermine the very rateable strength that other local authorities so envy.

J. B.

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CITY OF LONDON PROPERTY VI

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Investors' choice

RENT ESCALATION in the City during the late 1960s and early 1970s was so severe that the Committee for Invisible Exports commissioned a study to see what effect the high rents had on invisible exports. During the early 1960s rents were rising at the rate of 8.9 per cent, but in 1968 they began soaring and by 1970 rents in some parts of the City had doubled, and in general the rises had been between 50 and 75 per cent.

During the last two years rents have remained fairly static and in some parts have actually fallen slightly, but now with signs that they are rising again some tenants are becoming worried about the situation. The problem is that not only are rents rising but the combination of rent and rates is now such that it forms a major item of overall costs of many businesses operating in the City, in some cases the rent-rates costs rank immediately after labour costs.

But back in 1971 when the Committee on Invisible Exports published its survey rates were still being levied on the 1963 assessment, even so the percentage increase between the 1963/64 demand and the 1970/1971 demand on the basis of

poundage was 95.1 per cent, but even so it was still only a small item of overall expenditure that it was hardly touched on in the study.

Nor were service charges, at that time these were 45p to 50p a square foot in a modern block, and if there was full air-conditioning the charges would be 15p to 25p a square foot higher. So between them rents and service charges were usually disregarded by tenants.

Depression

What happened in the next two years is well known, rents soared away at an even faster rate and by the end of 1974 when the property market collapsed rents in the banking area of the City had hit £22 to £25 a square foot and they were only a pound or so cheaper in the insurance district.

But the collapse of the property market coincided, or perhaps was part of, the overall economic depression which set in worldwide, this downturn in world trade halted the influx on foreign banks and sent some already established here scurrying home for cover. The City property market became depressed, the over-supply of offices, which had already become apparent in 1973, increased as developments begun at the height of the market were completed, and the empty offices soared to a floor area above 3.5m. sq ft.

The one area which was not affected at this time nor as the squeeze on the property market intensified, was the insurance sector, a district of the City which includes the area around

Lloyd's and Fenchurch Street Station and now along to Aldgate and around Houndsditch in the EC3 postal district of the City.

Rents here never fell far and in some prime locations close to Lloyd's of Loodoo demand from insurance brokers and those directly connected with the insurance market kept rents up to or near the levels of 1974. The result of this demand is that there is little prime accommodation available there currently and because of the rental position investment properties in this district of the City are in very strong demand.

The three sections of the insurance industry in the City, Lloyd's, the insurance brokers and the insurance companies, between them employ some 53,000 people. There has been some movement away from the City by the large insurance broking firms but this has had little effect on either demand for offices or in the level of rents being obtained.

There are now signs that foreign banks are returning to London again but not all the newcomers are settling in the City, some have set up in the West End and others have chosen to locate on the City fringes. Even the large foreign banks already here which are now expanding, are in many cases, choosing premises away from the traditional banking area.

The past few months has seen an increase in the number of foreign banks in London and by the end of the year there could be around 300, compared with around 255 at the end of 1974. According to The Banker magazine there were at the end of July some 284 foreign banks with offices in London and since the end of July many others have opened for business in London.

This new invasion makes the foreign banks once again a significant force in the City

property market, hardly a week goes by without a fresh letting to a foreign bank.

What is worrying those in the City concerned with our visible trade is that if rents continue to rise the combined burden of rent and rates, which in the Gresham Street letting was probably in the region of £26 a sq ft, will force foreign banks to locate in other European capitals.

There can be no doubt that both Frankfurt and Brussels have seen an even bigger increase in numbers of foreign banks locating there than the City of London. But Brussels with its enormous burden of labour costs, which are probably the highest in the world can be ruled out for further expansion but Frankfurt has a great deal to offer, both in communications and an established banking community, and rents are only a fraction of those in the City.

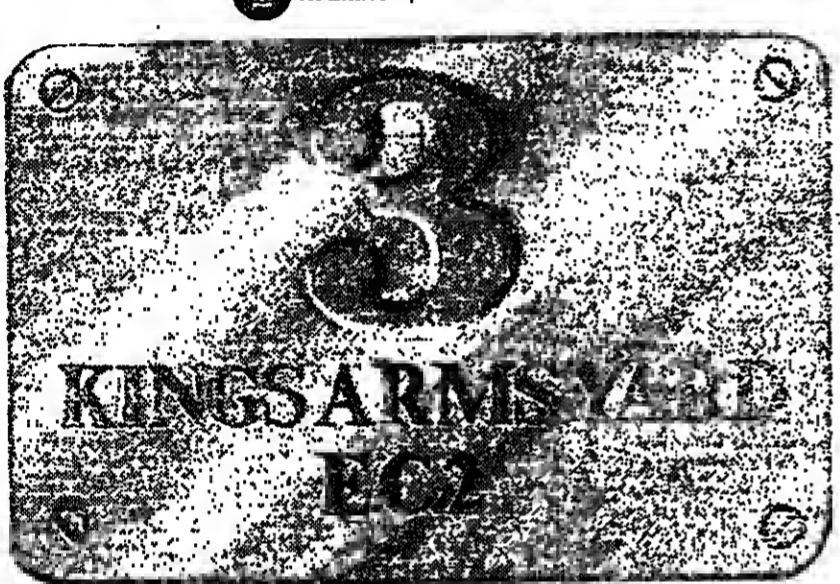
City landlords can probably be more complacent about the situation in the insurance district. Insurance brokers must have a constant knowledge of those insurance companies and Lloyd's underwriters most likely to give the best deal.

Rory Ferguson

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Small users

ECONOMIC decline, physical decay and adverse social conditions have become the hall-marks of inner city areas. So runs the Government's recent White Paper "Policy for the Inner Cities." The decline in the economic fortunes of inner areas is the root cause of most of the problems associated with older towns. Generally there is a mismatch of the kind of labour available and the types of jobs on offer. Inner areas traditionally suffer from an above-average level of unemployment, putting further strains on the system.

Furthermore there has been a loss of jobs in older service industries. The docks are a prime example. Manufacturing industry has tended to decentralise, and indeed until recently decentralisation has been actively encouraged by successive Governments. Some loss of jobs has been brought about by redevelopment, when firms have been unable to find suitable alternative accommodation. Also many small firms have closed down and others moved out of the towns in search of better sites.

New investment in manufacturing industries has been insufficient to counterbalance the loss of work in traditional industries—and expansion of service industries and office jobs has left manual workers no better off.

Expanding

But it is now widely appreciated that industry must be encouraged to return to the inner areas, particularly smaller firms which would provide a bedrock for expanding employment. Both the Greater London Council and the planners at the Corporation of London are doing all they can to help.

One of the major problems for smaller businesses is that they often lack any flexibility of location. Choice of the site is usually dominated by the need to be near either suppliers or customers. Also smaller operations can often be financially insecure, particularly in the early days. Therefore small businesses need to have accommodation available at the cheapest rate.

For one reason or another many firms have been forced out into suburban areas where it is easier to develop factory accommodation. Industrial sites need to be situated close to main lines of transport, but in large towns industries face major transport problems. There can be considerable difficulties for small factory units without the luxury of off-road parking or loading facilities. Vehicle access is crucial and if an existing inner city site is being redeveloped it often means that an adjacent site has to be purchased to give space for lorries to unload.

The GLC has set up the London Industrial Centre at County Hall which works in

co-operation with all the London Borough Councils' industrial offices. The aims of the LIC are twofold; to halt the decline of jobs in London by helping firms to expand or relocate within the capital and to provide a centre pulling together all the financial and planning services for the benefit of industry and commerce.

Using its contacts with Government Ministries and relevant bodies such as the TUC, the London Chamber of Commerce and the CBI the Industrial Centre can quickly deal with the needs of industry. With all the facilities at its disposal the centre can quickly guide the small businessman through the intricacies of planning permission and finance.

One important feature is the London Property Register which is an updated list of industrial and commercial sites which are up for sale or let, owned by either private enterprise or public authorities.

The GLC has instigated the building of small modern units ideal for small businesses, but as yet there are only some 300 built, which is still insufficient to meet the demand.

Apart from supplying accommodation the GLC will also help with financing by providing cheap rents in the initial years for a business which is yet to get off the ground.

Meanwhile in the City itself the Corporation of London's Architect and Planning Officer, Mr. E. G. Chandler, believes that physical accommodation for small businesses is no longer the problem that it once was.

Small businesses in the City often provide financial back-up for the Institutions, for example solicitors, lawyers, accountants and specialist consultants. Their problem is that they have to be in close proximity to their customers.

New development has tended to ignore the needs of small businesses. Only 12 per cent of the office units built since 1965 have been under 3,239 square feet and older offices, where the majority of small units are available, are understandably vulnerable to redevelopment because they are basically uneconomic. Over two thirds of the City's stock of units under 1,076 square feet and half of the units in the 1,076-3,239 square feet bracket were built before 1959.

But the City planners reckon that they have managed to keep up a reasonable level of supply of smaller offices thanks to a legal test case in 1972. In a nutshell the City planners can make sure that a new development has provision for small office space. Obviously there are some cases where such provision is impractical, but it has worked in expanding the amount of small unit accommodation available.

Terry Garrett

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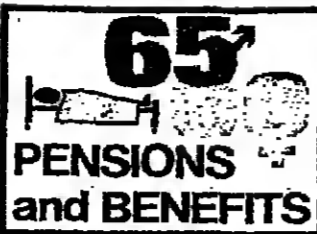
مكاتب الأصيل

The Management Page

EDITED BY CHRISTOPHER LORENZ

THE QUEEN'S Speech earlier in his month contained nothing about future pension legislation—an omission of great significance to employers and pensioners alike. It is now virtually certain that there will be no further pension legislation during the remaining life of this Government, nor on the contentious subject of trade union member participation on pensions committees.

This omission has caused employers and pensioners alike to look for legislation in the next session. It is now virtually certain that there will be no further pension legislation during the remaining life of this Government, nor on the contentious subject of trade union member participation on pensions committees.



Eric Short on Government legislation

A threat removed

member participation is not that trade unions were involved, but that no one else would be. Employers can discuss with their representatives what take and how the member representatives are chosen. The CBI makes no attempt to guide employers, which is perhaps a pity. Employers may need some indications on what alternatives are available. One thing seems obvious and that is that any plan should not result in there being so large a board of trustees or committee of management that it is unwieldy. This may well result in the employer having to act as Solomon in bringing about a compromise between the members' wishes and what is considered to be a practical proposition.

The employer needs to be very careful in advising on the method of appointment, especially if he would like to have the power of veto over names put forward. Some com-

panies which have existing schemes for member participation have designed very elaborate methods of election with transferable votes in the event of several candidates being put forward. But such a system may be a recipe for chaos in other companies.

A general guide is to select representatives on a plant or area basis using employee groups in existence for other negotiations. If certain groups want to leave their nominations to the trade unions then it is possible best to accept. Some companies find that it is a question of finding sufficient volunteers to act as member representatives.

The CBI also emphasises that the role of trustees and management in pension schemes imposes considerable responsibilities under law and is not to be undertaken lightly. It recommends that training schemes be established for member representatives. A different matter, however, is whether the employer should establish in-house training unless he involves the trade unions in the planning.

Employers may well ask what is in it for them other than a further cost burden. The immediate advantage is that it will foster good industrial relations. The companies which established member participation are now beginning to reap the rewards. Members have almost without exception taken their responsibilities very seriously. Political convictions tend to be put into the background when it comes to investing one's own money.

But taking a longer-term view, member participation will eventually come into force. If when the Government is preparing legislation, the majority of pension schemes already have member participation, then it is most probable that such legislation will allow existing schemes to keep their participation arrangements virtually unaltered. Mr. Stanley Orme, the pensions minister, has often stated that employers have only introduced member participation because of the threat of legislation. It is up to employers to show that even though that threat has been temporarily removed, they are still prepared to implement member participation.

Participation by members in the management of occupational pension schemes. Publications Department, CBI, 21 Tothill Street, London SW1E 9 LP. Price £1.50.

A HEAVILY-BYRANT Mrs. Carol Bamford flew from Britain to the States last Saturday so that her husband could be born in America. Alice, was born in America in April last year her first husband, also brought in the new tax there. For Anthony Bamford, chief executive of JCB, the States if at all possible.

He has got such lengths because JCB determined to win a share of the North American market for construction equipment.

What Bamford has in mind is the people with dual nationality who are working in the U.S. permanent basis, should emphasis of JCB's operations be divided equally between Britain and America. This is one extreme example in JCB's current investment in the U.S. market and the company's view of how imports could become.

This year JCB (or to give it its full title, J.C. Bamford & Co. Ltd.) was like so many other companies which would be relatively miserably to make any money, after the second

Kenneth Gooding on JCB's Stateside plans

Digging deep in the lions' den

changes would have made the machines more acceptable to local operators. For example, the Americans do not like to have to climb into the cab of an excavator. They prefer a door which opens for more easy access.

Then there was the JCB approach to financing. In the U.K. the company insists on a cheque with each order from its distributors. The JCB group has no borrowings whatsoever and the entire expansion has been financed from retained earnings. But in the States the financial packages are an important part of the construction equipment salesman's armoury, so JCB's insistence on cash-on-the-nail did not please the distributors there.

The new attack on the American market began after Joe Bamford, still only 60, retired at the beginning of 1976 and went to live in Montreux, Switzerland, handing over to his son Anthony, 31, who is now chairman and managing director of JCB—a private company with only four shareholders.

The man chosen by JCB in 1976 to spearhead the fresh approach to the U.S. was Patrick Massardy, a young Frenchman who had achieved remarkable things for JCB in France.

Massardy joined JCB in 1971 from Fruenaut, the trailer makers, where he had been sales director in France. He was recruited by JCB to form a French subsidiary and set up a dealer network in France. By 1972 he had the whole of France "declassified," sold 392 machines instead of the targeted 150 and had snapped up an 11 per cent share of the French market for excavator loaders.

It was assumed that Massardy could use the same techniques



For the company has to bridge the confidence gap about imported machines which exists among American users following the failure of previous importers to support sales in the way American customers expect.

To push things along, JCB has recruited two sales forces to tackle the two distinct problems—first that of recruiting new dealers, the second of giving support to existing dealers.

So far, the results appear promising. This year JCB will sell 320 machines, producing \$10m. of revenue, almost six times as many as the 56 machines sold in 1976. Next year Massardy expects JCB to take 7 to 8 per cent of the market for excavator loaders in those areas it has penetrated so far, and to sell 730 machines—doubling turnover to \$20m. By 1979 we will be selling 1,500 to 2,000 and then there will be different problems to face.

To put that latter figure in perspective, total U.S. sales of excavator loaders will be around 2,800 this year and JCB reckons to have 60 per cent of this market. Unit sales of this year market in France will this year be about 2,400 and in West Germany 1,500.

By contrast about 18,000 excavator loaders will be sold in the U.S. in 1977 and in the

many customers have been down to England to view the Rochester factory, which is exceptional by any standards—it is our best selling tool," Massardy maintains. A steady stream of potential customers will be taken to Rochester in future too.

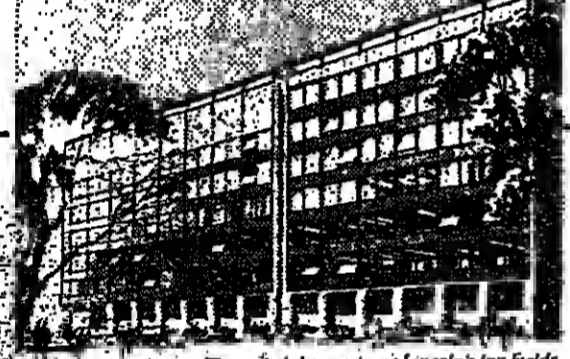
All the activity in the States has not put any strain on JCB's cash flow the company says. Deals are re-financed and 60 per cent of sales are for cash. And Massardy hopes to be making a profit next year.

He insists that eventually the dealers will make such a healthy profit on JCB excavator loaders that many of them will set up separate subsidiaries to sell the full range of equipment manufactured by JCB. This example has already been set by the JCB dealer in Spain whose original business continues to cater for Caterpillar.

Before that can happen however, JCB must leap the next big hurdle. If things go as expected, by 1979 it will have made a big enough impact in the American market to attract the attention of the major North American construction equipment manufacturers like Massey-Ferguson, John Deere, International Harvester and J. I. Case. It is likely that they will take some action to stop the group. All the new dealers and

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Battleground

If JCB Inc. was to get embroiled in this financial battleground, it needed the security of knowing that the dealer would be powerful enough to take its share of the load.

And financial muscle was needed because the dealers will have to wait for about three years before they see any significant profits from their involvement with JCB.

"This has to be a love affair between the salesman and the JCB, because he is not going to make much money at the beginning," says Massardy. He has, of course, insisted that minor.

One problem which had to be overcome was that the big dealers were not used to selling to the smaller construction companies of the kind which will be the main customers for the JCB. Massardy and his team have come up with a simple and very effective method of identifying the smaller contractors in any particular area. This enables the company to make a personal approach to the potential customer and persuade him to have the JCB demonstrated on site.

JCB Inc. is also hammering away at potential customers in the selected target areas on the local country music radio stations with a hard-sell message which guarantees 100 per cent spare parts availability for the JCB within 24 hours. The name of the dealer is featured prominently in these "plugs," another reason for having a large, well-known dealer acting for the company is that it gives credibility to the claims.



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North Sea options

SO FAR as its short-term forecasts are concerned, the latest National Institute Review is similar to the latest CBI report on the economic situation. Both expect that the combination of slackening inflation and higher earnings will increase personal consumption next year...

Company reform in stages

IN MANY respects the proposals in yesterday's White Paper to ban insider dealing and to strengthen the law on the conduct of company directors go somewhat further than the equivalent provisions in the equivalent provisions in the Conservative Bill...

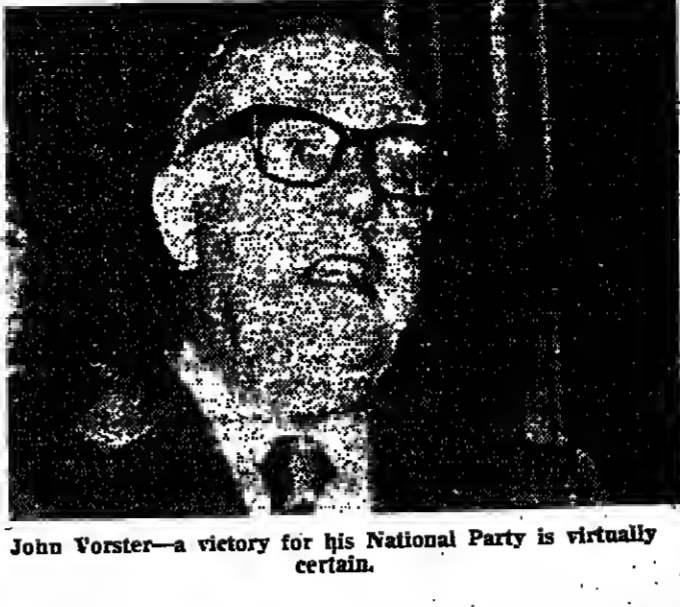
SOUTH AFRICAN ELECTIONS

Vorster's bid to smash the opposition

DRAMATIC NEWS stories have dominated the front pages of South Africa's newspapers for the past 10 weeks dealing with practically every topic concerning the country except one: the general election to-day.



Collin Eglin—leader of the Progressive Federal Party.



John Vorster—a victory for his National Party is virtually certain.

The heavy security crackdown against black activists obliterated the middle of the campaign. The subsequent imposition of a mandatory UN arms embargo with western backing, dominated all other issues in the following weeks.

In South Africa have been taken up by the Progressive Federal Party and the New Republic Party, forced to fight on the ground Mr. Vorster had chosen. As for the new constitution, its details have been kept sufficiently vague to appeal to middle-of-the-road voters who see it as liberalisation, while not alienating too many on the right...

Splinter groups

All that remains, is for the opposition to be crushed, and for Mr. Vorster to achieve the record majority he wants. The fragmentation of the opposition into three parties—the PFP, NRP and South African Party—on the remains of the old UP—and one splinter group on the right—the Herstigte Nasionale Party—will do most of the job for him.

to take the action, it is argued, then it must have been necessary. "There is no smoke without fire" was a common statement, even among supposed moderates. The immediate cause of the clampdown is still difficult to find, coming right in the middle of the election campaign, although the fact that most of the organisations were linked to Mr. Biko, whose inquest was about to begin, is seen as one factor.

Both events have undoubtedly made security enforcement a further major issue in the campaign, and thrust the volatile Mr. Kruger into the limelight. His remarks on the Biko affair ("It leaves me cold") and his inability to resist cracking jokes about it ("I have often felt like hanging my head against a wall") referring to the fact that Mr. Biko was said to have died of head injuries have caused fury in the opposition Press and demands for his resignation.

of the implosion, the poll suggests: usually from 35 per cent. of the English-speaking community to only 30 per cent. now, with Afrikaans support of the National at more than 50 per cent.

Given the predictability of the election result, real interest concentrates on the extent to which the overwhelmingly Afrikaans-ruling party can attract English-speaking support for its "patriotic" platform, and on whether the Progressive Federal Party will emerge as the official opposition from the wreck of the United Party, thus offering outspoken opposition to the policies of separate development.

The English are proving more difficult than Mr. Vorster may have hoped. The white community remains deeply divided on national, rather than political, lines: a majority of the English-speaking community is quite as conservative as its Afrikaans counterpart, but it lacks the cultural commitment to Afrikaanderdom necessary to support the National Party.

Mr. Vorster's appeal to patriotism was clearly designed to win support beyond the Afrikaans-speaking community. Another tactic has been to present the election as a contest for change to come from the National Party. So called "enlightened" members of the ruling party have appealed for support from the English-speaking community to strengthen the more moderate wing of the party against their opponents (reactionary) opponents.

English-speaking support

The appeal has undoubtedly won a degree of support, but less than Mr. Vorster may have hoped for. Slogans such as "Vote together" have dominated the NP election posters. According to a recent opinion poll, in the English-speaking area, the NP has more English-speaking support than either the NRP or PFP. But it has slipped in the course

MEN AND MATTERS

The gallant Dom Plicid

Lord Deming emerged yesterday (at any rate in the eyes of the popular Press) as the champion of mistresses. To-day a Sir Galahad appears for another feminine element in the community — one that is also the subject of comedians' humour and male chauvinist salacity. The 20,000 or so pair girls in this country are often "abused and exploited," says Dom Plicid Meylink, a Dutch-benedictine monk who has lived in north London for 20 years.

Donnish delivery

Academic worms are turning in some of our redder brick universities, thanks to what is seen as an intolerable case of double standards on the part of the Post Office.

It seems that the origins of au pairs in 1977 are tending to change. More than 5,000 now come from South America or Asia, and some rapacious host families are employing a device called "demi-pair," in which the girls are paid no money at all.

Instant demand

The Inland Revenue men have been making it plain to Denis Healey that his constant tax adjustments have them at their wits' ends. But it seems they are trying everything to keep abreast. When a £20 limited-run study called "Tax Savings for the Higher Paid" was released recently, an Inland Revenue official was found standing on the publishers' front step as the doors were opened. He had the £20 in his hand in cash. The authors, chartered accountants Lance Blackstone and David Franks, say: "We suppose we'll have to do a fresh version after the next Budget."

Bombers recall

Out in Arizona they are busting to house a part of Britain's flying heritage. A cheque for \$400 has just arrived in London Colney, Hertfordshire, as a fore-

Unmistakable

Golden Ellipse and 18 ct. blue coloured gold. They invariably identify Patek Philippe designs. They tell you that the watch was finished entirely by hand, in the manner practised by Patek Philippe since 1839. The Golden Ellipse was derived by Patek Philippe from the Golden Section, the principle which already inspired the design of the Parthenon. The blue coloured gold of the dial is a bit of alchemy signed Patek Philippe.

Advertisement for Patek Philippe watches, featuring images of a watch and a ring, and text describing the Golden Ellipse and 18 ct. blue coloured gold designs.

حكايا من الحاصل

COMPANY NEWS + COMMENT

Airfix declines to £1.55m. at six months

A REDUCED off-take of toys in a period of depression in the domestic consumer market caused pre-tax profits of Airfix Industries to decline from £1,798,000 to £1,551,000 for the six months to September 30, 1977, on slightly reduced turnover of £15.57m. against £16.94m. For all the previous year, a record surplus of £4,000m. was achieved.

Profits of non-toy interests increased during the period, says Mr. Ralph Ehrmann, the chairman, while since September there has been some overall improvement, even though there is as yet no sign of the upsurge in retail demand forecast by the Government.

The net interim dividend is stepped up from 1.1p to 1.288p for 20p share—last year's final was 1.7825p.

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£3m. to £13.8m. for the period, profits rose from £674,000 to £1,014,000 before tax.

The interim dividend is raised from 1.1875p to 1.36125p net. An additional payment of 0.025p is declared in respect of 1976/77. Last year's total was 2.84375p from profits of £1.81m.

Mr. John L. Hanson, chairman, says the results are regarded as satisfactory and reflect a period of continuous activity. He adds: "We expect the level of trading in the second half of the current year to be at least equal to the first half, subject to there being no adverse effects on business arising from industrial disputes in other industries and other unforeseeable economic problems."

Hargreaves over £2m. at midway

DESPITE UNCERTAIN trading conditions Hargreaves Group reports taxable profits ahead from £1.83m. to £2.01m. for the six months to September 30, 1977. And the directors report that the second half of the year has started well.

Earnings per 20p share are given unchanged at 3.5p and the interim dividend is lifted from 1.15p to 1.3p net.

Total payment was 2.88p from profits of £2.27m.

Sharply improved performance from commercial vehicle building and distribution, and plant hire contracting and waste disposal helped offset flat trading elsewhere at Hargreaves Group. As a result pre-tax profits showed a modest advance of around a tenth. The recovery in profits in commercial vehicle building—now exceeding the levels achieved in March-September 1974 owed much to the revival of re-equipment plans by large fleet owners, and good support from the "spares" market. The plant hire, contracting and waste disposal divisions were helped by the group's policy of hiring to industrial rather than civil engineering clients, while waste disposal showed a record profit of £2.48m. more than making up a sluggish performance from construction, quarrying marked time, but it could have been worse if local

authorities had not spent on road surfacing projects. Among the laggards solid fuel was down due to the steel recession and a fall in exports. While fertilisers, in its seasonal best first half, showed a drop in profits on falling volume. If the same overall improving trend is maintained a pre-tax out-turn of £3.6m. is likely. The shares at 56p (down 1p) stand on a prospective p/e of 8.3 and yield 8.9 per cent.

Mansfield Brewery advances

FURTHER ADVANCE was achieved by Mansfield Brewery in the September 1977 half-year with taxable profit up from £1.16m. to £1.4m.

The net interim dividend is raised to 2.31p (1.3625p) per £1. Last year a total of 6.30 was paid from a record profit of £2.48m. The company has close status.

Parkland leaps 50% at half-time

A 50 PER CENT increase in pre-tax profits for the six months ended September 30, 1977, is reported by Parkland Textile (Holdings), the Bradford-based worsted manufacturer.

With sales increasing by over

External turnover	1977	1976
Textiles	15,285	10,722
Trading surplus	1,215	1,233
Depreciation	456	211
Interest	138	108
Finance tax	253	238
Net profit	651	441
Minority profits	5	4
Attributable	646	437

Rexmore expands in first half

INCLUDING the results of J. Rosenthal and Sons, acquired in March, Rexmore, converters of textile and PVC products etc. showed a jump in taxable profit for the half year to September 30, 1977, to £1.57m. from £1.15m.

For the previous half year adjustments were made reducing the disposal of Uerman (Holdings). The directors say that a straight comparison between the two statements should not be made, but the view is that the net interim dividend is stepped up from 0.55p to 0.85p, an capital increase by the rights issue paid in June 1977. Final payment was 0.515p.

Half year earnings per 3p share are shown to have improved from 1.221p to 1.27p and the net interim dividend is stepped up from 0.55p to 0.85p, an capital increase by the rights issue paid in June 1977. Final payment was 0.515p.

At midway profit was ahead from £38,049 to £20,225 and directors predicted a considerable improvement for the full year.

Directors say results for the year show a substantially greater rise than the rate of inflation for the period. The year was one of progress and consolidation leaving the company ready to take advantage of any opportunity in an unpredictable business climate, they add.

The profits growth of Fine Arts (Holdings) has accelerated compared with the previous first half advance of over a fifth. The latest pre-tax figure has moved forward a third following a similar rate of advance in the second half of last year. In this traditional seasonally weak period of the group it could be inferred that the growing contribution of similar art activities—now accounting for around three fifths of total sales—was trading out the seasonal fluctuations caused by the Christmas card trade. However, since around 70 per cent of mail order sales go to the Christmas gift market the distortions between the first and second half remain. On that basis the directors look like making at least £4.5m. for the full year. The sales volume increase in the first half of around a quarter owed much to the wet weather which encouraged home mail orders—a trend which is continuing. On estimated earnings the shares at 44p (up 2p) sell on a prospective p/e of 8.7, and yield 8.4 per cent. The income is well above Sharpe, and a little above Wilson.

Mr. A. G. C. Trollow, general manager of the City of London Building Socy., said that the move is to last more than a few weeks.

City of London Building Socy. to slow growth

The City of London Building Socy. is temporarily restricting the size of new investment accounts because of "greater certainty in the money markets."

The Society said that, for the time being, it was placing a limit of £2,500 for individual investors on new accounts being opened, although it did not expect the move to last more than a few weeks.

Mr. A. G. C. Trollow, general manager of the City of London Building Socy., described the move as the best way of dealing with the current market situation. "We are introducing a device to temporarily slow down our rate of expansion which will help avoid making ourselves vulnerable to some unpleasant withdrawal symptoms later on," he added.

The City of London has on several occasions in the past introduced a similar policy which has become concerned about the amount of potentially volatile institutional money seeking a home in building society accounts. Mr. Trollow said that his society had not taken in any corporate money in the last five years, despite the availability of some "massive" sums.

The Society's accounts for the year ended September 30, 1977 show that advances reached over £12m against £11.7m. in the previous 12 months. The total number of mortgages arranged in the early part of the period resulted in higher normal stock levels and increased interest

Burnett & Hallamshire 35% ahead so far

PRE-TAX PROFIT of Burnett and Hallamshire Holdings lifted 35 per cent from £738,416 (€547,073). Earnings per share are £1.82p (£1.397p), and the interim dividend is up from 1.2779p net per 50p share to 1.4752p. An additional 0.01085p will be paid for 1976-77. A total 2.3558p was paid on record taxable profits of £2.38m. last year.

Strip mining and oil distribution improved their results with advantages gained from the inclusion of the new South Yorkshire site and the oil acquisition in the South-West region. In the construction division, both civil engineering and building achieved satisfactory sales volume but only property development, where institutional yields improved, was not subject to pressure on profit margins.

The capital employed by the group is now £5m. and the capital expenditure programme amounting to £2.5m. for the year as a whole is well in hand.

He says that looking forward, it is considered that progress will be maintained as planned.

It is expected that working will begin in mid-1978 on the 200 acres of open cast coal in the Forest of Dean, subject to finalisation of terms with the Forestry Commission.

The dispute which began in 1971 concerning the company's proposals to work the area has been resolved, in as much as the minister has granted permission and legal proceedings are now unlikely to occur.

The construction division has sufficient workload. The Government's changing attitude should be of assistance and further industrial development projects are under consideration. The oil distribution and commercial vehicle activities within the commercial division are experiencing more favourable trading conditions and should continue to do so with a reduction in the level of inflation and improved sterling position.

The result for the period is before tax of £738,416 (€547,073). Earnings per share are £1.82p (£1.397p), and the interim dividend is up from 1.2779p net per 50p share to 1.4752p. An additional 0.01085p will be paid for 1976-77. A total 2.3558p was paid on record taxable profits of £2.38m. last year.

The largest slice of Burnett and Hallamshire's 35 per cent profit growth was generated by its open cast mining division (57 per cent of group profits last year) which either works on contract, or markets coal from its own sites. Through the NCB production this year may be around 10 million—out of a total U.K. estimated tonnage of 13m. tonnes. The mining operations have benefited from the first time contribution from the new Sheffield site while the Wigan development, which came on stream last year, is at the peak of its life (due to run-out next year but hopefully by then the Forest of Dean site should be starting production). On the construction side the volume of business but margins and profits have generally been squeezed—although property development has picked up. Meanwhile the second half should be helped by a seasonal bias towards oil profits—particularly if it's a cold winter—so the full year pre-tax figure may be around £5m. The shares at 164p yield 2.6 per cent, covered more than 10 times by prospective earnings and the group has said that it will increase dividends to reduce the cover to not more than five times when current restrictions are lifted.

Property & Reversionary

Taxable profit of Property and Reversionary Investment Corporation increased from £468,809 to

Marginal rise for Hicking Pentecost

After interest charges up from £38,049 to £39,077, Nottingham-based textile manufacturer and commission dyers Hicking Pentecost and Company marginally improved profit in the first half to October 1, 1977, from £142,332 to £143,892, subject to tax of £112,900, against £100,890. Sales were £0.34m. better at £4.27m.

It is anticipated that pressure on margins will continue in the dyeing trade for the current year, the directors comment.

Earnings per 30p share are shown lower at 4.05p (4.24p) and the net interim dividend is increased to 2.3534p from a final of 4.1435p was paid from profit of £0.42m.

The knitwear division made a further substantial increase in first-half profits but activity in the dyeing division has continued at a depressed level due to excess capacity for fabric processing within the trade the directors say.

This division made a small contribution to group profits after providing for closure costs in respect of the Lenton factory.

Recently, the wrap knitting subsidiary has continued to find business very competitive. The slow movement of knitwear into stores in the early part of the period resulted in higher normal stock levels and increased interest

Newall Machine on target

In a merger document in June the directors of Newall Machine Tool Company forecast pre-tax profits for the year to March 31, 1977 in excess of £1.2m. In the event, these turned in at £1.26m. compared with £0.28m. for the corresponding 12 months. Sales for the year were expanded from £7.02m. to £7.75m.

The second half contribution to profits was £891,000 against £138,000. Tax for the full year took £24,926 (£23,583).

To conserve resources no dividend on Ordinary or Preferred is declared. The company is now a subsidiary of B. Elliott and Company.

Mr. G. M. Schaefer, chairman of Lawtex, the Manchester clothing and umbrella manufacturers, told the AGM that order intake was satisfactory and new wage agreements for the U.K. factories had been concluded with the union within the Government guidelines. Although employment in British industry had declined by about 18 per cent from 1968-1977 during the same period employment in the U.K. factories of Fruehauf increased by 50 per cent. A rise

Crown House has a lot going on behind the scenes at the National Theatre.

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To find out more about what we do contact our Chairman, Patrick Edge-Partington at 2 Lygon Place, London SW1W 0JT. Telephone 01-730 9287.

Crown House

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DIVIDENDS ANNOUNCED

Company	Date	Current payment	Corro. of spending for year	Total for year	Total last year
Airfix Inds.	Jan. 24	1.23	—	1.23	2.89
Burnett & Hallamshire Int.	Jan. 24	1.83	—	1.83	11.64
Daily Mail & General	Jan. 19	0.81	—	0.81	1.3
Fine Art Devs.	Jan. 20	0.85	—	0.85	0.5
Grand Central Inv.	Jan. 27	1.16	—	1.16	2.88
Hargreaves Grp.	Apr. 3	2.3	—	2.3	6.44
Hicking Pentecost	Jan. 17	1.1	—	1.1	2.71
Leeds and District Dyers	Jan. 17	1.21	—	1.21	2.94
Mansfield Brewery	Jan. 17	1.23	—	1.23	4.82
Parkland Textile	Jan. 18	1.25	—	1.25	3.85
Prop. & Reversionary Inv.	Jan. 18	0.73	—	0.73	2.21
Rexmore	Jan. 13	0.86	—	0.86	1.5
Rowlinson Construct. Int.	Jan. 6	1.5	—	1.5	3.22
Silverthorne Grp.	Jan. 11	1.1	—	1.1	2.14
Tealemit	Jan. 6	1.28	—	1.28	—
R. Kelvin Watson	Feb. 1	—	—	—	—

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition. ‡ In lieu of final. § Additional 0.01986p for 1976-77. ¶ Additional 0.113p for 1976-77. || To redress disparity—additional 0.0270p. ** For 15 months. †† Additional 0.04p for 1976-77. ‡‡ Additional 0.025p for 1976-77.

Fine Art making progress

DUE TO THE Christmas selling season commencing earlier than previous, pre-tax profits of greeting card publishers, Fine Art Developments rose from £0.82m. to £1.05m. in the six months to September 30, 1977. Reporting the figures Mr. F. R. Kerry says that second half sales to date show an increase and he anticipates "highly satisfactory" results for the full year. The last full year resulted in a record profit of £3.62m.

Half year earnings per 5p share are shown to have improved from £0.21p to £0.27p and the net interim dividend is stepped up from 0.55p to 0.85p, an capital increase by the rights issue paid in June 1977. Final payment was 0.515p.

Leeds Dyers tops £1m.

WITH TURNOVER up from £5.85m. to £7.53m. Leeds and District Dyers and Fishers reports record taxable profits of £1,007,224 for the September 30 year compared with £880,897 previously.

At midway profit was ahead from £38,049 to £20,225 and directors predicted a considerable improvement for the full year.

Directors say results for the year show a substantially greater rise than the rate of inflation for the period. The year was one of progress and consolidation leaving the company ready to take advantage of any opportunity in an unpredictable business climate, they add.

The result is subject to tax of £22,756 (£23,782) and earnings per share are stated at 18.47p (17.12p) for 25p share. The final dividend is lifted from 1.800p to 2.025p taking the total to 3.625p (£2,709p) which will absorb £78,456 (£70,280).

ISSUE NEWS AND COMMENT

New water stock

After a lapse of over four months the new issue market in Water stocks has begun to flow again. The Mid Kent Water Company is raising £5m. by an offer for sale by tender, of 7 per cent Redeemable Preference Stock 1982 at a minimum price of 99p per cent.

This issue has dropped back into the five year date after the issue of Preference over by Colne Valley which moved forward to serve years but met with a poor response leaving over 45 per cent of the stock with the underwriters.

Tenders, which must be accompanied by a deposit of £10 per cent, should be received by the new issues department not later than the morning of Tuesday, December 6. The balance of the purchase money is due on or before Thursday January 12, 1978.

Brokers to the issue are Seymour Pierce and Co.

Second batch of floaters

Local authorities have followed up last week's introduction to the market of the first variable rate short term bonds with another set of three, four and five year bonds carrying a floating interest rate.

Meanwhile the coupon rate on fixed interest local authority yearling bonds is raised from last week's 7 1/2 per cent to 8 1/4 per cent.

Five year variable rate bond due on November 24 1982, at issue by Thanet District Council (£1m.) and Borough Council v Gateshead (£1m.).

Three year variable rate bond are issued by Northavon District Council (£1m.), Tameside District Council (£1m.), Wilmot District Council (£1m.) and Wirral Borough Council. The bonds are due on November 26, 1980.

A four year variable rate bond due on November 25, 1978, to raise £1m. is issued by Suffolk County Council.

The weeks' issue of five interest local authority yearling bonds due on December 6, 1977 include Arun District Council (£1m.), Strathclyde Regions Council (£1m.), West Yorkshire Metropolitan Council (£1m.), Cambridgeshire County Council (£1m.), Warwick Borough Council (£1m.), Borough of Ellesmere Port and Neston (£1m.), City of Sheffield (£1m.), Glasgow District Council (£1m.), Metropolitan Borough of Sandwell (£1m.), Kirkcaldy Metropolitan Borough Council (£1m.) and Huntingdon District Council (£1m.).

London Borough of Wandsworth is raising £1m. through a two-year fixed interest bond due November 25, 1979, carrying a coupon of 9 1/4 per cent.

A three-year bond due Nove 25, 1980, and carrying a coupon of 10 1/4 per cent is issue by Basnigstoke District Council to raise £1m. A four-year bond carrying a coupon of 11 1/2 per cent is equivalent and due November 25, 1981, to £1m. Overall this issued by Nithsdale District Council to raise £1m.

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This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Loan Stock.

THE AMALGAMATED DENTAL COMPANY LIMITED

(Incorporated in England under the Companies Acts 1862-1900)

Issue of £1,218,249 9 per cent. Unsecured Loan Stock 1981/91

(Formerly £1,218,249 8 1/2 per cent. Unsecured Loan Stock 1981/91 of AD International Limited)

The Council of The Stock Exchange has admitted to the Official List the above-mentioned Unsecured Loan Stock. Particulars of the Stock are available in the External Statistical Services and copies of the statistical card may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 31st January, 1978 from:

Phillips & Drew,
Lea House,
London Wall,
London EC2Y 5AP

30th November, 1977

ANNUAL REPORT AND STATEMENT OF ACCOUNTS 1976-1977

Before they invest in a company Hanson Trust consider two sets of figures. Those above. And those below.

Our business is as much people as it is anything else. We recognise that the people who work with us are some of the most valuable assets we have. So when considering investments we always take two looks at the subject.

First, we analyse in depth company assets and performance.

Second, we look in detail at the ability and performance of the management team.

The only difference between a good and a great bottom line

Hanson Trust is committed to helping its subsidiaries develop, through carefully planned growth, into major forces within their industries. We believe the earnings we look for can only come from good management and careful housekeeping. This emphasis on expense applies at every level. We have no room anywhere for second rate performance. We are not interested in buying companies to sell (a destructive and cynical policy that has emasculated many sound management teams). And

we give all this attention to the depth and quality of our management because we recognise it as the only difference between an average and an outstanding performance.

How Hanson Trust has managed to succeed

In following the policy of investment in companies with good management potential, Hanson Trust has laid a solid foundation for continued growth. In fact, so many people have had their attention diverted by Hanson's acquisitions, they may be unaware of the fact that our organic growth has been sustained and makes an increasing contribution to profits. This is a direct result of the Hanson Trust philosophy.

A second interesting point that derives from our simple philosophy of investing in people as well as assets, is that it knows no borders. Acquisitions both at home and abroad have met with a great deal of success. For instance, we used this philosophy in investing in the US and now over 60% of Hanson Trust profit is generated in America. How many

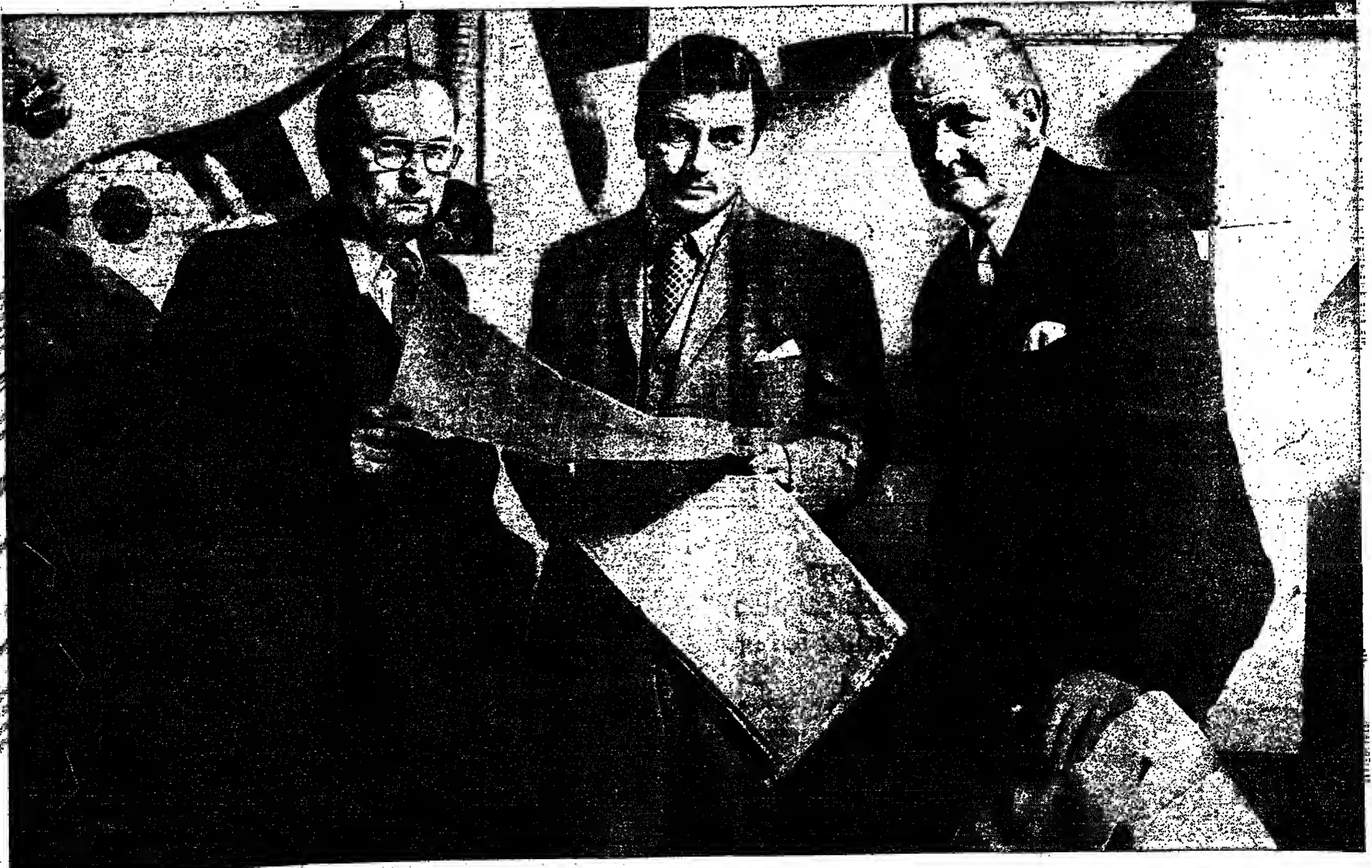
other British companies do you know who've had this level of success across the Atlantic?

How likely was the second four minute mile?

There have been a great many different opinions about Hanson Trust, most of them concerned with whether our remarkable track record could be maintained. Before you commit yourself to a viewpoint, perhaps it would be wise to consider this: Hanson Trust and its essential philosophy has been successful in some of the most trying economic times this side of the Depression and we are not about to change. So while others may argue, Hanson Trust will continue to do what it does best. We will work hard to create more profit, more jobs, more wealth for Britain and greater security for our employees and shareholders.

Hanson Trust
The industrial management company
where people are as valued as assets.

Copies of the accounts are available from Hanson Trust Limited, 180 Brompton Road, London SW3 1HF. Tel: 01-589 7070.



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PANY LIMITED
218 249 9 per cent
Loan Stock 1981:91

FIGHTER COMPANY LAWS TO RESTORE PUBLIC CONFIDENCE

Unfair insider deals could bring prison sentences

BY MARGARET HESC

PROPOSALS to make insider dealing in securities by company directors and other price-sensitive information offences in certain circumstances are the centrepiece of Government plans published yesterday for the reform of company law.

The Government also intends to introduce legislation to define the first time in statute law overall duties and responsibilities of directors, who will be required to take account of the interests of the company's employees as well as its shareholders.

The White Paper, whose proposals were fleshed out by Mr. Edmund Dell, the Secretary of State for Industry, also outlines proposals to tighten the law on directors; there will be a £50,000 limit on permitted loans by companies to their directors in the normal course of their business.

Public confidence in directors... requires that such people should not use insider information for their own interests.

The White Paper, whose proposals were fleshed out by Mr. Edmund Dell, the Secretary of State for Industry, also outlines proposals to tighten the law on directors; there will be a £50,000 limit on permitted loans by companies to their directors in the normal course of their business.

Sanctions are called for in making its proposals the Government has recognised that the creation of insider dealing as an offence must not be such as to inhibit dealings which are not under criticism. It has particularly in mind that the directors and employees of a company will not infrequently hold shares in the company for which they work.

Protection The Government thinks it better to list specific classes of persons who would be treated as insiders (principally directors, employees, substantial shareholders and persons with a professional or business relationship with the company) rather than adopting the wider approach (as in the U.S.) under which an insider is anyone who has inside information.

Employees should get legal recognition by company law... directors must take into account the interests of employees.

POINTS

Executive changes at Ransomes Sims

R. L. Dodsworth has been appointed an international finance executive of MIDLAND BANK. He has succeeded at BEC by Mr. K. E. Mayson, who was a controller of advances at Midland Bank's regional head office, Preston.

The question, it says, of what should be done about insider dealings has attracted considerable debate here and overseas and this has served to clarify the issues and to identify the conflicting considerations which have to be balanced. That insider dealing is wrong is widely accepted and the Government has concluded that this should be underlined by statutory provisions which would make insider dealing in certain circumstances a criminal offence.



Mr. Edmund Dell

which seem to rule out civil actions by those who claim to have made losses through buying or selling shares at a critical time. Indeed one of the main arguments for creating the criminal offence of insider dealing is precisely that there is usually no effective remedy.

Dealing in its earlier sections with the obligations of directors, the paper says that under company law directors are under a duty to act in the interests of the company and are required to exercise care and skill in the discharge of these functions.

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panies in which a director has an interest as well as loans to directors themselves; and to make breach of these provisions a criminal offence; (ii) to introduce limitations on the scale and terms on which loans to directors may be made when they are permitted under the specific exemptions.

It is proposed to tighten control over the exemption for loans in the ordinary course of a company's business by requiring that such loans must be on normal commercial terms as to interest rate, repayment terms, security and otherwise; they are to be subject to an overall limit of £50,000 and are to be disclosed in the accounts; and to make a breach of the new provision subject to criminal penalties. It will, however, be permissible for a director to obtain a low interest loan for house purchase from his company provided that this is done under a scheme which is available to employees of the company and on the same terms; the limit of £50,000 will, nevertheless, still apply and the loans must be disclosed.

The new disclosure provisions to replace those in Section 197 of the Companies Act will cover all loans made to directors, including those to their families and will require for each loan: a statement of the identity of the borrower, and the name of the director concerned if he is not the borrower; the terms of the loan, including interest rate and security; a statement of the amount outstanding at the beginning and the end of the period, and the highest amount outstanding during the period if this is a higher amount; a statement as to whether any interest due has not been paid, and whether any provision had been made in the accounts for non-recovery of the loan.

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هكذا من العمل



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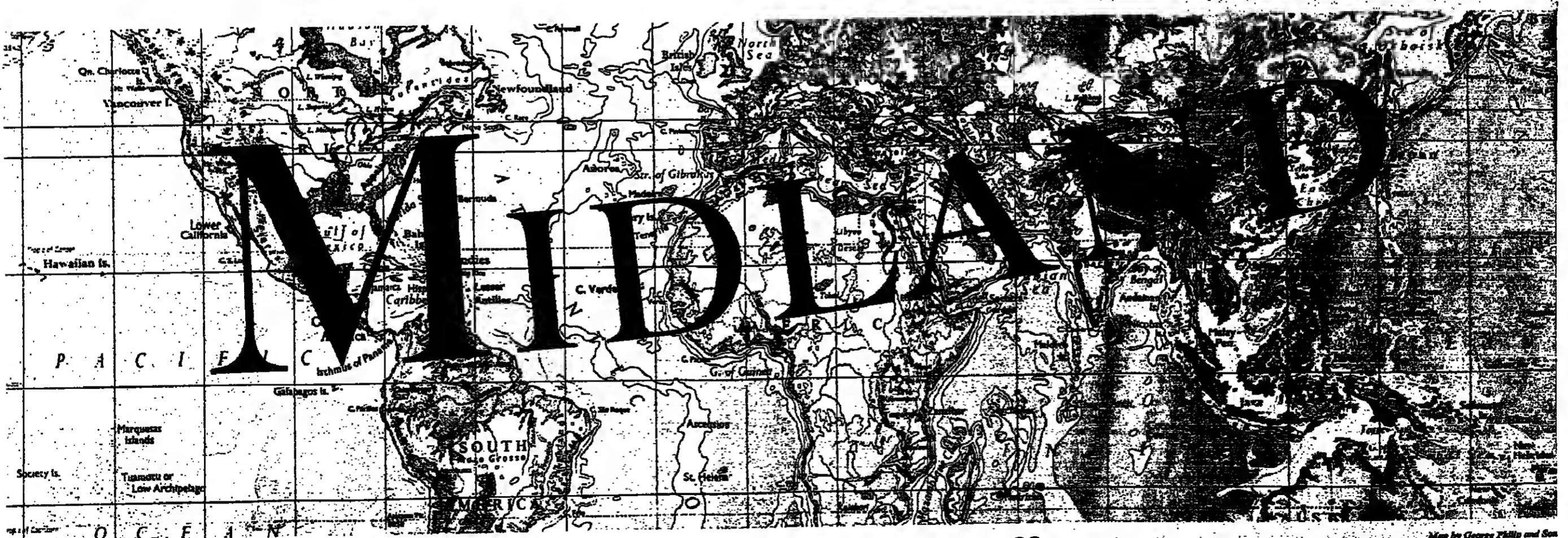
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صكمان الأهل



ANGLO AMERICAN CORPORATION GROUP

EAST RAND GOLD AND URANIUM COMPANY LIMITED

(the Company or Ergo)

(Incorporated on June 22 1971 under the Companies Act, 1926, of the Republic of South Africa)

HISTORY, STATE OF AFFAIRS AND PROSPECTS OF THE COMPANY

The Company was incorporated in 1971 as 'Hidden Investments Limited' with an authorised capital of R4 000 000 divided into 8000 shares of 50 cents each, of which seven shares were issued at par. The Company was formed by Anglo American Corporation of South Africa Limited (Anglo American Corporation) as a reserve company to be used as and when necessary arose. The Company remained dormant until Anglo American Corporation and some of its associate companies decided to prospect certain areas and to evaluate certain slimes dams on the East Rand and it was decided to use the Company for this purpose. The Company's capital was increased by the allotment at par on June 12 1973 of a further 993 shares, at which date the issued capital was held beneficially as follows:

	Shares
Anglo American Corporation	508
Anglo American Gold Investment Company Limited	200
Randsel Investments Limited (A wholly-owned subsidiary of Rand Selection Corporation Limited)	234
South African Townships, Mining and Finance Corporation Limited (A wholly-owned subsidiary of Rand Selection Corporation Limited)	20
Spectrum Diamonds (Proprietary) Limited (A wholly-owned subsidiary of E. Oppenheimer & Son (Proprietary) Limited)	33
	1 000

On May 11 1976 the name of the Company was changed to 'East Rand Gold and Uranium Company Limited' and the objects as set out in its memo-andum of association were changed in terms of Section 55(2) of the Companies Act, 1973, to reflect more accurately its main business. For reasons of administrative convenience, the financial year-end of the Company has been changed from December 31 to March 31. The current financial period will accordingly be 15 months from January 1 1977 to March 31 1978.

On May 13 1977 the Company in general meeting increased the authorised capital to R22 600 000, divided into 45 000 000 shares of 50 cents each, by the creation of 44 993 000 shares of 50 cents each, which shares would, upon issue, rank pari passu with the existing shares of the Company. In terms of a resolution passed at that meeting, the directors were authorised to issue the unissued shares to such persons and on such conditions as the directors may determine.

Union Corporation Limited and/or its nominees had undertaken to procure the grant to the Company of the right to treat certain slimes dams and dumps in return for a 2.45 per cent participation right in the Company on the same basis as the other shareholders. Accordingly, on May 17 1977 the issued capital was increased, by the issue at par of a further 99 000 shares, to a total of 100 000 shares, which were held as to 97.55 per cent by companies in the Anglo American Corporation Group and associates and as to 2.45 per cent by companies in the Union Corporation Group. By this time the Company had ceased to be a subsidiary of Anglo American Corporation.

At this stage the capital expenditure of the Company had been financed by interest-free loans which, at June 30 1977, amounted to R52 457 282 advanced by Anglo American Corporation and R1 100 000 advanced by the Union Corporation Group. In order to repay these loans and to provide the Company with permanent funds to finance a substantial portion of its initial capital expenditure the Company offered companies in the Anglo American Corporation Group and associates a total of 23 314 450 shares at a price of R2.50 a share, and companies in the Union Corporation Group a total of R55 550 shares at the same price. The subscription moneys, totalling R59 750 000, were received by the Company on June 30 1977, thereby enabling the Company to repay the above loans, and the shares were allotted on August 4 1977.

On July 6 1977 the company published in Johannesburg a prospectus offering 16 000 000 shares of a nominal value of 50 cents each in the capital of the Company for subscription in cash at a price of R3.50 a share (South African currency) as follows:

	No. of Shares
(a) To the following companies/institutions	
African Eagle Life Assurance Society Limited	300 000
Anglo American Gold Investment Company Limited	3 317 600
Charter Consolidated Limited	200 000
The Common Fund Investment Society Limited	100 000
De Beers Consolidated Mines Limited	4 553 828
Guardian Liberty Investment Corporation Limited	100 000
South African Mutual Life Assurance Society	2 000 000
Suid-Afrikaanse Nasionale Lewenswenswens Maatskappy	250 000
Union Corporation Limited	1 428 572
	12 250 000
Note: Each of the above companies/institutions indicated its intention to subscribe (or procure subscriptions) in full for the shares offered.	
(b) For public subscription	3 750 000
	16 000 000

The offer for the 16 million shares was fully subscribed. The proceeds of R56 000 000 raised by the issue of shares offered in terms of the prospectus published in Johannesburg on July 6 1977 were applied, in addition to the issue expenses in connection therewith, in the financing of portion of the Company's capital expenditure programme which is set out in the report of the technical advisers under the heading 'Capital Expenditure'. Amounts required to meet the balance of that capital expenditure will be provided from initial cash flow and short-term loans. The Johannesburg Stock Exchange granted a primary listing for the 40 000 000 shares of 50 cents with effect from August 10 1977.

UNITED KINGDOM EXCHANGE CONTROL

The shares of Ergo will, for United Kingdom Exchange Control purposes, be foreign currency securities as defined in Exchange Control Notice EC.7 (second issue) as amended. Accordingly transactions by persons subject to United Kingdom Exchange Control regulations will have to be effected with investment currency and the prices of Ergo shares to be shown in The Stock Exchange Daily Official List will include the investment currency premium. Share certificates, relating to Ergo shares acquired by such persons, must be deposited with an Authorised Depository in accordance with the Exchange Control Act 1947. Authorised Depositories are listed in Appendices I and II of the Exchange Control Notice EC.1 (as amended) and include banks and stockbrokers in, and solicitors practising in, the United Kingdom, the Channel Islands and the Isle of Man.

TAXATION

Any dividends paid by Ergo to non-residents of South Africa will be subject to deduction of South African non-resident shareholders' tax which is currently at the rate of 15 per cent. However, in terms of the current United Kingdom double taxation agreement with South Africa the South African non-resident shareholders' tax deducted will be allowable in full against United Kingdom Income Tax.

COMMISSION PAID IN RESPECT OF UNDERWRITERS

The offer of 3 750 000 shares to the public in terms of the prospectus published in Johannesburg on July 6 1977 was underwritten by Anglo American Corporation. The commission payable to the underwriters was R328 125, being 2.5 per cent calculated on the amount to be raised by the offer to the public. In addition, Anglo American Corporation charged the Company a raising fee of R428 750, being 1 per cent calculated on the issue price of the 12 250 000 shares subscribed by the companies/institutions referred to above.

TECHNICAL INFORMATION

Following the geological and metallurgical investigations which had been started in 1973, the Company's technical advisers in due course recommended a scheme whereby the Company should treat certain slimes dams on the East Rand for the recovery of gold, uranium and sulphur. Accordingly, steps were taken to acquire rights to treat these slimes dams in order to provide the Company with the necessary reserves of material for processing. Arrangements were also made in hand to acquire the surface rights of an area in the vicinity of Brakpan for the establishment of a central treatment plant complex, the freehold title to a separate area for tailings disposal and various surface right permits in respect of pipelines for the pumping of slime and tailings. The business to be carried on by the Company is described in detail in the following report of the technical advisers:

TECHNICAL ADVISERS' REPORT

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Incorporated in the Republic of South Africa
44 Main Street Johannesburg 2001

Chairman: M. F. Oppenheimer (Chairman), Sir Keith Acutt, K. B. E. (British) (Deputy Chairman) G. W. H. Rilly (Deputy Chairman) W. G. Boulton, J. N. Clark (British) Dr. J. de Beer, O. A. Esterhuysen, O. B. E. (British) G. C. Fletcher, M. C. P. Fraser (British) C. J. L. Griffin, E. P. Gush, M. J. Holmeyer, G. Langton, O. G. Nicholson (British) N. F. Oppenheimer, S. P. P. Oppenheimer (British) E. W. Parr (British) Sir Albert Robinson (British) L. G. Stoforod, Sedville (British) J. J. G. van der Merwe, G. H. Westcott, M. P. W. O. Wilson.

Alternate Directors: F. J. A. Howard, M. C. O'Dowd, D. B. Heits, G. A. Casey-Smith (British) V. I. Wabber (British) J. L. P. Abrahams, O. P. Koeber, O. H. B. Dyer, A. B. McKernan, C. O. M. McVella, G. M. G. M. Amora, H. C. Davies, A. Wilson, M. W. Stephenson (British) J. A. Holmes (British) O. E. Maciver, M. W. King, A. Johnson, J. D. Johnson (British) P. J. R. Leyden (British) W. J. Heller

The Chairman and Directors,
East Rand Gold and Uranium Company Limited,
44 Main Street,
Johannesburg,
2001.

Genelemen,
June 23 1977

We refer to the technical investigations which we carried out to determine the feasibility of a project to recover gold, uranium and sulphur from slimes dams on the East Rand and to our subsequent recommendations that such a project be carried into effect. You accepted our recommendations and we now submit our report on the progress of the project and our conclusions regarding its viability.

BACKGROUND

The slimes dams resulting from the operations of the gold mines of the Witwatersrand contain low concentrations of gold and uranium, some of which are associated with pyrite. A considerable number of the dams on the East Rand was sampled in order to investigate the economic viability of extracting gold and uranium and of producing sulphuric acid. The sampling results were of sufficient interest to justify a full-scale testing programme and steps were taken to acquire rights permitting the Company to treat the slimes in certain of these dams.

Through research work at the Anglo American Research Laboratories an improved filtration technique was developed, by which it was possible to produce from the slimes tested a concentrate containing from 7 to 15 grams of gold a ton (depending on the grade of the slime treated), 0.2 to 0.5 kilograms of uranium oxide a ton and 30 to 35 per cent of sulphur. From this concentrate, which constituted about three per cent of the mass of the original slimes dam material, extraction of gold and uranium and production of sulphuric acid could be achieved by conventional processes. The experience gained since 1953 by Anglo American Corporation in the treatment of gold plant tailings - to extract uranium and subsequently to recover pyrite for acid manufacture - by Daggafontein Mines Limited, Weston Reels Exploration and Development Company Limited and Vaal Reels Exploration and Mining Company Limited aided the research programme.

Feasibility exercises indicated that for the project to be viable it would have to be a large-scale operation, treating at least one million tons of slime a month. Before a project of this size could be recommended, it was considered necessary to erect a pilot flotation plant with a capacity of one ton an hour. This plant has operated since September 1974 on representative samples taken from several typical dams and has confirmed the results of the laboratory testing. From the results obtained, it is estimated that, on average, about 54 per cent of the contained gold, 20 per cent of the contained uranium, and 86 per cent of the contained sulphur will be recovered. Research work is continuing with a view to improving recoveries, particularly of uranium, and the pilot plant has been extended so that each stage in the process of extracting uranium can be more fully investigated.

In addition to research into recovery techniques, various methods of transporting such large quantities of slime were examined. It was eventually decided to employ high-pressure water jets to 'monitor' the slimes dams followed by pumping of the slurry in large diameter pipes to a central treatment complex. Anglo American Corporation has considerable experience with the monitoring of slimes, and the type of high-pressure jet equipment to be employed by Ergo has been thoroughly tested on a slimes dam of another mining company. In regard to the transportation of the slurry by pipeline, the Council for Scientific and Industrial Research was commissioned to determine the parameters. In an extensive series of physical trials and test-work, the Council examined the behaviour of slimes in pipelines under a broad range of operating conditions. The optimum diameters and pumping velocities were ascertained for different solid concentrations, and the Council's report, which largely confirmed our own views based on previous experience, forms the basis of the engineering design of the pipelines and pumping systems.

SUMMARY OF THE PROJECT

The slurry produced from the monitoring of the slimes dams will be pumped to a central treatment complex, which will mainly comprise a flotation plant, a uranium plant, three pyrite roasters, two acid plants and a gold plant. Flotation will produce a pyrite concentrate which will first be treated for the recovery of uranium and will then be roasted to produce sulphuric acid. Finally gold will be recovered from the concentrate. The design of the plant will permit a high degree of flexibility with regard to treatment capacity, selection of dams and slurry pumping rates in order that production may be optimised.

The plan in Appendix I shows the area of the East Rand encompassed by the project, including the slimes dams to be treated and the proposed pipeline layout during the first 20 years of the project, together with the sites of the central plant complex and the tailings deposition dam. The central plant, which is situated on land purchased near The South African Land & Exploration Company Limited's gold mine, is illustrated in more detail in Appendix II.

Commissioning of the various plants is planned for late 1977 with a view to attaining production in the first quarter of 1978. It is estimated that, after a build-up period of a few months, annual production will initially be about 7 000 kilograms of gold, 200 tons of uranium and 530 000 tons of sulphuric acid (including oleum) of which about 480 000 tons will be in excess of the Company's own requirements. While production of acid will be maintained reasonably constant throughout the life of the project, gold and uranium production will decline as progressively lower grade dams are treated. At estimated recovery rates based on existing technology, average annual production from dams currently available for treatment during the first 20 years of the project is estimated to be 5 400 kilograms of gold and 150 tons of uranium.

SLIMES DAMS TO BE TREATED

For the majority of the slimes dams which will be treated during the first 20 years, dump permits have been issued to the Company by the Mining Commissioner in terms of section 151 of the Mining Rights Act, No. 20 of 1967. The rights to treat the balance of dams are contained in agreements negotiated with present title holders. Appendix III contains a table showing the dump permit or agreement relating to each of the 19 slimes dams which are estimated to contain 378 000 000 tons of slime at an overall grade of 0.53 grams of gold a ton, 0.040 kilograms of uranium a ton and 1.04 per cent of sulphur. Steps are being taken to acquire the rights to further dams for treatment after removal of the dams listed in the table.

The sampling of the dams by auger drilling was a comparatively easy and inexpensive undertaking, since with a few exceptions the surface of the dams was accessible to rigs and the slimes were easy to drill. Initially the dams were drilled on a 100 metre grid, but valuations made from 100 metre and 200 metre hole spacings showed little difference and a 200 metre grid was accepted as the standard method for evaluating most of the slimes dams. The majority of holes were 45 mm in diameter and were drilled from the dam surface down to ground level. Representative samples were split, one half being sent to a gold mine for assay and the other half to the Anglo American Research Laboratories for metallurgical tests and analysis. Some 980 holes or 22 500 metres were drilled, representing an evaluation of 959 000 000 tons of slime.

Grace...
Vers...

SHARE CAPITAL OF THE COMPANY

1) Authorised: R22 500 000 divided into 45 000 000 shares of 50 cents each.
Issued: R20 000 000 in 40 000 000 shares of 50 cents each, fully paid.

2) All the shares of the Company are of one class. At all general meetings of shareholders of the Company, every member present in person or, in the case of a body corporate, represented, and entitled to vote has one vote only on a show of hands but, on a poll, such member or any duly appointed proxy has one vote for each share held.

3) A duplicate of the United Kingdom section of the register of members will be kept in the United Kingdom and, subject to the Company's articles of association and any local laws or regulations for the time being in force, shares may be transferred at the offices of the transfer secretaries either in Johannesburg or in the United Kingdom.

4) No capital is under option or agreed conditionally or unconditionally to be put under option. Other than as set out in this advertisement, no capital has been issued or is proposed to be issued for cash or otherwise, nor have any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of the Company been granted.

5) The directors undertake that no material issues of shares will be made without the prior approval of the Company in general meeting, and that no issue will be made for cash other than by way of a rights issue or in consultation with and with the prior approval of The Johannesburg Stock Exchange and The Stock Exchange in London, in terms of Section 227 of the South African Companies Act of 1973, the directors' control over the reserve shares is valid only until the next annual general meeting of the Company.

DESCRIPTION OF BUSINESS

1) Company will treat certain slimes dams on the East Rand in South Africa to recover gold, uranium and sulphur in the form of sulphuric acid and oleum.

ANS

1) Following loans have been made to the Company:

2) The Company had at October 31 1977 obtained, or was in the process of obtaining, building society loans totalling R346 950 in respect of certain residential properties acquired, which are or will be secured by mortgages.

3) The Company has arranged a facility from Barclays National Bank Limited for amounts totalling US \$13 500 000, equivalent to approximately R11 800 000, to finance certain imports of equipment from overseas. At October 31 1977 amounts totalling R10 285 000 had been drawn against this facility. Such loans are unsecured and are each repayable at one year from the date of advance. Interest payable plus forward cover costs on sums borrowed are equivalent to a rate of approximately 9 per cent per annum.

4) In addition, mortgage bonds had at October 31 1977 been passed for an aggregate of R730 000 to secure the balance of the purchase price of properties purchased by the Company.

5) Apart from those stated above, there are no loans to the Company, and there is no agreement to issue any additional loans to the Company. Furthermore, the Company has not issued any debentures or stock, or created any other mortgages, charges, hire-purchase commitments or guarantees or other material contingencies (other than those disclosed herein), has it any bank overdraft, liabilities under acceptances (other than normal trade bills) or any other credit or similar indebtedness.

LITIGATION

Company has no litigation or claim of material importance pending or threatened against it.

INSTANTIAL SHAREHOLDINGS

Directors are aware that as at October 31 1977 the undermentioned were the beneficial owners of 5 per cent or more of the share capital of the Company:

	No. of shares
Anglo American Corporation of South Africa Limited and subsidiary companies	17 277 639
Anglo American Gold Investment Company Limited	8 000 000
De Beers Consolidated Mines Limited	4 553 828

STATEMENT AS TO ADEQUACY OF CAPITAL

Directors are of the opinion that the amounts raised by the issues of shares mentioned herein, together with the deduction of the expenses in connection therewith, together with a portion of initial cash and borrowings under short-term loans, will be adequate for the purposes of the business of the Company.

DIRECTORS AND MANAGEMENT

Directors:
Frederick Oppenheimer (Chairman)
Arthur Etheridge O.B.E. (British)
Deputy Chairman
Neil Scott McCrum (Managing Director)
Guy Edmondson
Bam Hoffe
Mortimer Holland
Raydon Lawrie

Nicholas Frank Oppenheimer
Guy Sinclair Young
Alternate Director
Christopher Louie Sunter (British)

All the above directors are, except where otherwise shown, South African and all are resident in Johannesburg district.

Registered Office:
44 Main Street, Johannesburg 2001, South Africa

Investment and Technical Advisers:
Anglo American Corporation of South Africa Limited, 44 Main Street, Johannesburg 2001
Box 61587, Marshalltown, 2107

Chartered Accountants:
Anglo American Corporation of South Africa Limited, 44 Main Street, Johannesburg 2001.

Secretaries:
Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ.

Transfer Secretaries:
Fidelity Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, (P.O. Box 102, Marshalltown, 2107) and Charter Consolidated Limited, P.O. Box 102, Charter House, 100 West, Ashford, Kent TN24 8EQ.

In Committee:
Sydney Booth, Francis John Adrian Howard, David Brian Pollard

Bankers:
National Bank Limited, New Courts Branch, cnr Fox and West Streets, Johannesburg P.O. Box 131, Johannesburg, 2000

Lawyers:
Wentzel & Co., Standard Bank Centre, Fox Street, Johannesburg 2001

Chartered Accountants:
Hewitt & Carter, 66 Marshall Street, Johannesburg 2001, (Chartered Accountants, S.A.)

Stock Exchange Listing:
Pitman, Haast-Brown (Members of The Stock Exchange in London), 1st Floor, City House, 39/45 Finsbury Square, London EC2A 1JA and at The Stock Exchange in London

Printers:
Jak and Freemantle (Incorporating Morris Lipschitz & Co., Allen, Heeslberger and Co., Bowman & Michel) (Members of The Johannesburg Stock Exchange), French House, 125 and Ferreira Streets, Johannesburg 2001 and at 5th Floor, Colonial Mutual, 106 Adderley Street, Cape Town 8001 and at 1st Floor, Hill Samuel House, 17/23 Field Street, Durban 4001.

Stock Exchange Listing:
Lorkum, Hare & Co., Inc., (Member of The Johannesburg Stock Exchange) 3rd and 4th Floors, Bank of Lisbon and S.A. Building, 37 Sauer Street, Johannesburg 2001 and at 24 Wales Street, Cape Town 8001.

DESCRIPTION OF THE PROCESS

At any one time, three dams will be subjected to monitoring at a reclamation rate of about 500 000 tons a month each.

Reclamation and Transport

High-pressure water jets will be directed at the slime working face and the resultant slurry will be fed by gravity to a primary pumping station adjacent to each dam. After screening, the slurry will be pumped in three separate streams to a main booster station for pumping to the flotation plant at the central plant complex.

The Flotation Plant

In the flotation plant, slurry from the three slimes dams will be treated in three separate streams in order to accommodate any differences in characteristics that may exist between the dams.

After a period of conditioning, mechanical and air agitation in the flotation cells will then separate the pyrite concentrate as a froth while the barren material will be removed in the tailings stream. In order to re-cycle water, the barren residue leaving the flotation plant will be thickened in three 138-metre diameter thickeners before being pumped to the tailings dam about 11 kilometres to the south of the plant site.

The Uranium Plant

The concentrate from the flotation plant will be thickened and transferred to a series of air-agitated vessels for conventional acid leaching. The leached pulp will be fed to filters to separate the uranium-bearing solution from which ammonium di-uranate (ADU) will be recovered by the counter-current liquid ion exchange method used in several South African uranium plants.

The Roasters and Acid Plants

After uranium leaching, the gold-bearing pyrite concentrate will be re-pulped to 70 per cent solids and passed into three 16-metre diameter fluid-bed roasters. Gas leaving the roasters will be cooled and cleaned by water scrubbing and electrostatic mist precipitation and then fed into two conventional double catalytic double absorption acid plants where the sulphur dioxide content will be converted to sulphuric acid.

The Gold Plant

The calcine from the roasters will be quenched with water, thickened and transferred to a standard cyanidation circuit for the extraction of gold. The filtered solution containing the gold will be treated conventionally by the addition of zinc thereby precipitating the gold which will then be calcined, smelted and produced as bullion bars.

PERSONNEL

In the absence of any underground mining activities, the Company's personnel strength will, at about 475 people, be a fraction of the number employed by a gold mine. Furthermore, the Company will not need to employ any migratory labour, and all but the most senior staff will be recruited from the locally resident population.

CAPITAL EXPENDITURE

The capital expenditure to bring the project to full production, treating the first three dams, is estimated at R140 million, including provisions for escalation and contingencies. Part of the expenditure will be incurred after production begins and can therefore be financed from the Company's initial cash flow if considered desirable.

The breakdown of the R140 million capital expenditure and the timing thereof are set out in the following tables:

Table with 2 columns: R million, and items like Preliminary expenditure and site preparation, Flotation plant, Acid plants, Slimes pumping, Residue disposal, Off-site and infrastructure, Pre-production operating costs, stores, property, etc.

PROGRESS ON SITE

Progress on the construction programme as at May 31 1977 was as follows:— Pipe laying from the Springs dams and to the residue dam was well advanced. Civil works had almost been completed at the transfer pump stations, and erection of steelwork and mechanical equipment had commenced at the main Springs booster pump station.

Civil works for the flotation plant were almost complete. The steel structure had been erected and painted, and sheeting was in progress. All major vessels had been erected and rubber-lined. The installation of mechanical equipment and piping was proceeding.

The sub-base of No. 3 residue disposal thickener was complete, 60 per cent of the perimeter wall constructed and mechanical erection of the bridge well advanced. Work on the remaining two residue disposal thickeners was proceeding satisfactorily.

At the gold and uranium plant, structural steelwork was nearing completion. Sheeting had been started and all filters installed. Erection of major vessels was progressing. Good progress had been made on the civil works for the Uranium solvent extraction plant.

Civil works for the 1 000 tons a day acid plant were substantially complete. The mechanical erection was about 80 per cent complete and insulation of all major vessels well advanced. Final painting was in progress.

The exterior concrete work for the 150 metre high stack was complete at a height of 135 metres, and internal brickwork was progressing. Civil works for the 500 tons a day acid plant and the mechanical erection of the roaster shell were virtually finished.

The main plant reservoir was nearing completion and inter-plant roads and pipe tracks were under construction. The main site and Springs electric power sub-stations had been handed over to Eskom. Equipping was well advanced and overhead lines were under construction.

Work had commenced on miscellaneous buildings and offices, and the assay laboratory was nearing completion. At the residue disposal dam, the earth wall on the downstream side was almost complete and work was proceeding on the upstream wall. The conduit through the dam was 80 per cent complete and construction of the pumphouses was in progress.

MINING COMPANY STATUS

The Company has been classified as a post-1975 gold mine for tax purposes and its tax position is as follows:—

- capital expenditure may be offset in full against taxable income in the year in which it is incurred; — prior to the commencement of production, capital expenditure will be accumulated for imputation purposes. The Company will therefore not pay tax in its initial income-earning years...

ECONOMIC ASPECTS

The viability studies for the project have examined its sensitivity to changes in the prices of the three products, capital expenditure and working costs, and show that for a broad range of variations in these parameters the project shows attractive returns. Indeed, even with uranium and acid sales at contractual base prices, the overall project's break-even gold price is only about \$30-oz in 1977 terms.

Working cost estimates are based on the results of the research programme conducted both in the pilot plant and at the Anglo American Research Laboratories and also on the projected requirements of a full-scale operation. The current costs of plants with similar functions and characteristics at the Reels Exploration and Mining Company Limited and Western Devo Levee Limited have also been taken into consideration.

Whereas a mine normally has heavy on-going capital expenditure in respect of items such as underground development and new shafts to maintain production, the Company will, as mentioned earlier, only incur additional capital expenditure at a relatively low level, except when opportunities arise to expand production.

SALES CONTRACTS

Gold bullion and ammonium di-uranate will be sent for further processing to the Rand Refinery Limited and Nuclear Fuels Corporation respectively prior to marketing through the normal industry channels.

In regard to uranium, firm sales subject to certain formalities have been obtained at good prices for the Company's output over the first three years of operations, after allowing accumulation of necessary pipeline stocks. In addition, formalities are nearing completion for the signing of a satisfactory contract for the sale of virtually all the Company's output from 1981 for a further number of years.

Of the total annual sulphuric acid production of 530 000 tons, about 70 000 tons will be committed to the Company's flotation and uranium plants. About two-thirds of the remaining tonnage is committed for sale to outside consumers, and steps are being taken to market the balance.

CONCLUSIONS

This report outlines what is considered to be a technically advantageous method of exploiting the higher-grade slimes dams available on the East Rand. Projections indicate that, with gold prices within the range of \$120/oz to \$150/oz (R3 355/kg to R4 184/kg), and with contractual prices for uranium and acid, the Company should make a substantial profit in its first full year of operations, namely the year ending March 1979, even though production will still be building up at the beginning of that accounting period.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED Technical Advisers per W. R. Lawrie Consulting Engineer

DIRECTORS' OPINION OF PROSPECTS OF COMPANY

The directors concur with the conclusions of the technical advisers, as set out in their report, and on the basis of their projections the directors are of the view that a dividend of 25 cents a share will be paid in respect of the first full year of operations, namely the year ending March 31 1978, and that this will be increased to 50 cents a share in respect of the following financial year.

PROPERTY

Details of the principal immovable property acquired by the Company are given in the Schedule below. The other fixed assets acquired consist of plant and equipment under construction, details of which are contained in the technical advisers' report.

INTERESTS OF DIRECTORS

(a) The promoters of the Company were Anglo American Corporation (AAC), Anglo American Gold Investment Company Limited (Amgold), Randel Investments Limited (Randel), South African Townships, Mining and Finance Corporation Limited (SAT) and Spectrum Diamonds (Proprietary) Limited (Spectrum).

Randel and SAT are wholly-owned subsidiaries of Rand Selection Corporation Limited (RSC).

RSC became a wholly-owned subsidiary of AAC on January 1, 1977.

Spectrum is a wholly-owned subsidiary of E. Oppenheimer & Son (Proprietary) Limited (E.O. & Son).

The directors have the following beneficial interests in AAC and E.O. & Son:

Table showing interests of directors in AAC and E.O. & Son, including names like J. G. Edmeston, Mr. D. A. Etheridge, Mr. G. M. Holford, etc.

Mr. D. A. Etheridge and Mr. G. M. Holford are directors of Amgold. Mr. G. M. Holford and Mr. W. R. Lawrie are alternate directors of Amgold. Mr. H. F. Oppenheimer is a director of Amgold and RSC. Mr. N. F. Oppenheimer is an alternate director of Amgold and RSC.

(b) Details of the company's principal immovable property are set out below in the Schedule of principal immovable property. Apart from Mr. N. F. Oppenheimer who has an indirect partial interest in 13 047 shares in The South African Land & Exploration Company Limited, none of the directors has any beneficial interest in the Vendors shown in the Schedule.

(c) The interests of the directors in the Company, in aggregate, do not exceed five per cent either in respect of its share capital or voting control. The Company's articles of association do not require directors to hold qualification shares.

Saves as disclosed herein, no director of the Company (i) has any material interest in any contract or arrangement which is significant in relation to the business of the Company; (ii) has any interest direct or indirect (other than through the Group of which the Company is a member) in any assets which have been or are proposed to be acquired or disposed of by or leased to the Company.

MATERIAL CONTRACTS

(a) The following contracts (not being contracts in the ordinary course of the Company's business) which are or may be material, have been entered into:

- (i) Underwriting agreement with Anglo American Corporation dated July 6 1977 in terms of which Anglo American Corporation underwrote the offer of the 3 750 000 shares referred to above. (ii) Agreement with Anglo American Corporation dated July 6 1977 in terms of which Anglo American Corporation agreed to procure subscriptions for the 12 250 000 shares referred to above.

(b) The following contract is disclosed in terms of the requirements of the Council of The Stock Exchange in London:

An agreement dated March 29 1975 with Anglo American Corporation concerning that corporation's appointment as secretaries of, administrative, financial, technical and engineering advisers and buying and selling agents to this Company, with effect from January 1 1976. The appointment is for an indefinite period, terminable by either party giving not less than five years' notice, which notice shall not be given prior to December 31 1978. The remuneration payable to that corporation in terms of the above agreement may be summarised as follows:

- (i) In respect of secretarial, administrative, financial and technical advice and services a fee equivalent to 0.5 per cent of the Company's annual pre-tax working profit from all treatment sources after charging working costs and the reimbursement of all costs incurred by it in rendering these services... (ii) In respect of capital projects an engineering fee equivalent to three per cent of the capital cost of the project... (iii) A buying commission of 2.5 per cent in respect of orders placed in Southern Africa... (iv) A selling commission of five per cent of the consideration realised in respect of the sale or disposal of scrap, second-hand, surplus or redundant plant, machinery, equipment and materials.

AMOUNTS PAID OR PAYABLE TO PROMOTERS

As stated above, during the preceding three financial years, 1974, 1975 and 1976, R1 740 933 in total was paid to Anglo American Corporation in respect of fees and reimbursements. Apart from such fees, which arise out of that corporation's appointment as administrative and technical advisers and secretaries to the Company, and the commissions disclosed in this advertisement, there are no other amounts paid or payable to promoters of the Company.

EXPENSES

The expenses of applying to the Council of The Stock Exchange in London for a listing are estimated at £40,000 (approximately R53 200) which includes the listing fee of £8,500 (approximately R13 400).

REPORT BY AUDITORS OF COMPANY

The Directors East Rand Gold and Uranium Company Limited Johannesburg June 24 1977 As auditors of your Company, we submit the following report for incorporation in a prospectus to be issued in July 1977.

PROFITS OR LOSSES

The Company has not yet earned income. Pre-production expenditure is included in the cost of mining assets that are expected to be put to productive use in the first quarter of 1978.

ASSETS AND LIABILITIES

Assets and liabilities according to the audited annual financial statements at December 31 1976 and audited financial statements at May 31 1977 were as follows:

Table with columns for December 31 1976, May 31 1977, and Assets/Liabilities. Assets include Mining assets, Property, plant, equipment and other pre-production expenditure, Unlisted investments in service organisations, Slimes dams, Dump permit costs, Current assets. Liabilities include Secured by mortgage bonds, Bank import loans, Creditors, Shareholders' loans, Union Corporation Limited.

Notes:

A. Accounting Policies The Company will apply the accounting practice generally adopted by the gold mining industry in South Africa.

Mining assets The Company's mining assets are of a wasting nature and in order to recognise this aspect, the Company's policy will be to appropriate from profits within the lifetime of the operations such amounts which, together with the paid-up share capital and loans will equal the expenditure on mining assets.

Slimes dams The dump permit costs will be charged to revenue as the respective slimes dams are treated. Pre-production expenditure and revenue Prior to the commencement of production expenditure will be capitalised and revenue earned will, after any taxation payable thereon, be credited to mining assets.

B. Liabilities

Liabilities secured by mortgage bonds include certain long-term liabilities. The items comprise: Building Society Loans for housing, repayable over 20 years and bearing interest at 11.3% to 12%.

The balance of the purchase price of a property, payable in instalments terminating on July 1 1979 and bearing interest at 5%.

The purchase price of a property, substantially all of which is payable on August 31 1979, free of interest.

The shareholders' loans are interest free. They are to be repaid in 1977 from the proceeds of share issues.

C. Share capital

Table showing Shares of 50c each, Authorised, Issued, for December 31 1976 and May 31 1977.

At May 31 1977 the Company's technical advisers estimated that the total expenditure to be incurred by the Company to achieve full production would amount to approximately R140 000 000. Based on this estimate outstanding capital expenditure at May 31 1977 amounted to approximately R72 000 000. At that date commitments contracted for amounted to R47 194 910.

D. DEBTORS AND CREDITORS Debtors at May 31 1977 includes R56 240 for share capital expenses to be written off share premiums received after May 31. Creditors at that date included retention monies due to contractors and certain amounts payable to the vendors of properties acquired by the Company.

E. PROVISIONS At May 31 1977 it was not necessary to raise any provisions.

F. MATERIAL CHANGES SINCE DECEMBER 31 1976 IN ASSETS AND LIABILITIES These are disclosed above in the statement of assets and liabilities.

Yours faithfully ALEX. AIKEN & CARTER Chartered Accountants (S.A.)

REPORT BY DIRECTORS AS TO MATERIAL CHANGES The material changes in the assets and liabilities of this Company since the date of the last annual financial statements, namely December 31 1976, up to May 31 1977 are embodied in the auditors' report which is included in this advertisement.

Since the auditors' report of May 31 1977 the company published on October 21 1977 the following further information concerning capital expenditure and operations:

(a) Capital Expenditure

Table showing Net expenditure on mining assets for Quarter ended Sept 1977, Quarter ended June 1977, and 9 months ended Sept 1977.

Net expenditure on mining assets since the inception of the company to September 30 1977 was R102 812 000.

Net expenditure on mining assets for the 15 months' period ending March 31 1978 is estimated at R105 000 000.

Orders placed and outstanding on capital expenditure contracts as at September 30 1977 totalled R18 210 000.

(b) Operations Progress on the construction programme is satisfactory and production is still scheduled to commence in the first quarter of 1978.

The Ergo main electric power sub-station and the booster station in the Springs dams were energised on schedule and, at the end of September, water commissioning of the slimes reclamation system for the Springs dams was in progress.

At the main plant site, the 1.5 million tons a month flotation plant is almost complete and installation of instrumentation is proceeding. The first of the three 138 metre diameter thickeners is complete and is being filled with water prior to commissioning. The construction of the remaining two thickeners is well advanced.

At the residue disposal area, some 11 kilometres south of Brakpan, all the civil works have been completed and the mechanical and electrical installations are well advanced. As at September 30, 70 per cent of the required personnel had been recruited and all the senior posts filled. The training of staff is proceeding satisfactorily and on schedule.

The research and metallurgical development programme to improve recoveries of gold and, particularly uranium is progressing well.

DIRECTORS AND MANAGEMENT The following articles are contained in the articles of association of the Company:

68. The Directors shall have power at any time and from time to time to appoint any person as Director, either to fill a casual vacancy, or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles of Association.

69. The Directors shall not be obliged to hold any qualification shares.

70. (a) The Directors shall be paid out of the funds of the Company by way of remuneration for their services at the rate of R1 000.00 per annum each, and the chairman shall, in addition to his remuneration as a Director, be paid a further sum at the rate of R2 000.00 per annum. The remuneration payable under this sub-clause shall accrue from day to day and shall be paid quarterly.

(b) In addition to the remuneration to be paid to the Directors under the preceding sub-clause, there shall in respect of each financial year be paid out of the funds of the Company to and divided amongst the Directors, by way of further remuneration subject to the proviso hereinafter contained such further sum as may, when added to the total amount paid to all the Directors (including the chairman) under the preceding sub-clause, be equal to five per centum (5%) of the gross amount declared as dividends to the members in respect of that financial year, provided always that total remuneration payable under this sub-clause and the preceding sub-clause in any one financial year shall not exceed the sum of R33 000.00. The remuneration payable under this sub-clause shall be divided amongst the persons who have been office as Directors during the financial year in respect of which the remuneration is to be paid pro rata to the length of time each of them shall have so held office, provided...



WALL STREET + FOREIGN EXCHANGES + Dollar improves

BY OUR WALL STREET CORRESPONDENT

A COMBINATION of adverse factors sent Wall Street sharply lower to-day in moderate activity. Among a weak Blue Chip and Oils and Gas fell 134 to 1,243.1.

General Dynamics lost \$1 to 56; the company's expectation of a third-quarter loss.

Alaska Interstate declined \$13 to \$14 on predicting that its local wood unit would be unprofitable.

THE AMERICAN SEC Market Value Index retreated 1.25 to 122.23 in active trading, with falls out scoring rises by 44 to 219.

Indonesia that OPEC experts may be considering a 10 to 20 per cent oil price rise next year was disturbing, analysts commented.

General Immobiliare lost over 7 per cent in reaction to the recent rise in the salvage plan. However, Fiat picked up 32 to L1,988.

BONDS - Activity remained at a low ebb but share prices continued to move irregularly.

JOHANNESBURG - Golds ended on a mixed note after selected shares moved easier on profit-taking following a higher opening.

STOCKHOLM - Remaining firm, Celulosa raised 7 more to K201. SPAIN - Stocks tended to soften.

AMSTERDAM - Market looked slightly higher at the close, but Dutch Internationals were generally softer.

NEW YORK - Dow Jones Industrial Average rose 1.25 to 1,243.1, with 17 gains and 13 losses.

MONTRAL - Industrial Composite rose 10.10 to 101.52.

JOHANNESBURG - Golds rose 1.17 to 157.17.

BRISBANE - Shares rose 1.17 to 157.17.

SYDNEY - Shares rose 1.17 to 157.17.

MELBOURNE - Shares rose 1.17 to 157.17.

HONG KONG - Shares rose 1.17 to 157.17.

TOKYO - Shares rose 1.17 to 157.17.

OSAKA - Shares rose 1.17 to 157.17.

SEOUL - Shares rose 1.17 to 157.17.

MANILA - Shares rose 1.17 to 157.17.

BATAVIA - Shares rose 1.17 to 157.17.

YOKOHAMA - Shares rose 1.17 to 157.17.

COLOMBO - Shares rose 1.17 to 157.17.

CEYLON - Shares rose 1.17 to 157.17.

ADDIS ABABA - Shares rose 1.17 to 157.17.

NAIROBI - Shares rose 1.17 to 157.17.

London, Nov. 25. The U.S. dollar was generally firmer in the foreign exchange market yesterday.

Gold fell \$12 to \$159.1004. The dollar's trade-weighted depreciation as calculated by Morgan Guaranty of New York narrowed to 2.48 per cent.

Forward sterling was weak with the three-month pound closing at 0.12 cent discount on Monday.

Active selective buying spread over many sections as hopes of a new Cabinet were fresh.

AUSTRALIA - The rally which began on Monday gathered momentum yesterday on a growing feeling that the Government would retain power.

INDONESIA - Analysts predicted that Indonesia's oil price rise next year would be disturbing.

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Table with columns for Gold Market, Dollar improves, and various market indicators.

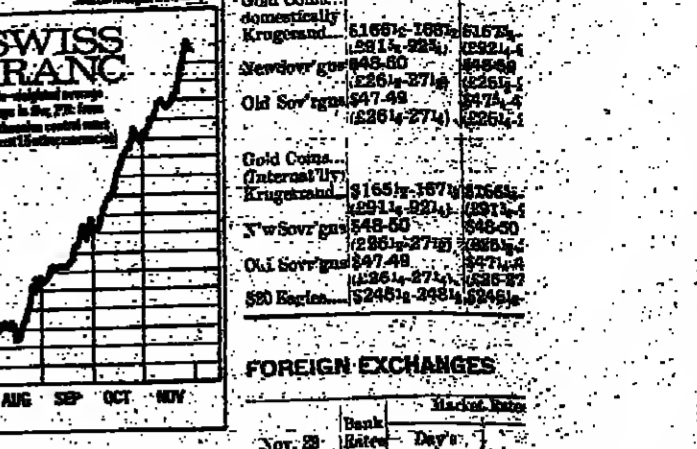


Table titled 'FOREIGN EXCHANGES' showing various exchange rates.

Table titled 'CURRENCY RATES' showing currency rates for various countries.

Table titled 'EXCHANGE CROSS-RATES' showing cross-rates between different currencies.

Table titled 'EURO-CURRENCY INTEREST RATES' showing interest rates for various currencies.

Table titled 'FORWARD RATES' showing forward exchange rates.

Table titled 'AMSTERDAM' showing market data for Amsterdam.

Table titled 'BRISBANE' showing market data for Brisbane.

Table titled 'SYDNEY' showing market data for Sydney.

Indices

Table showing New York Dow Jones indices and other market indicators.

Table showing Standard and Poors indices and other market indicators.

OVERSEAS SHARE INFORMATION

Large table listing various overseas shares, their prices, and other details.

N.Y.S.E. ALL COMMON

Table showing NYSE All Common stock prices.

Table showing Montreal stock prices.

JOHANNESBURG

Table showing Johannesburg stock prices.

BRISBANE

Table showing Brisbane stock prices.

SYDNEY

Table showing Sydney stock prices.

HONG KONG

Table showing Hong Kong stock prices.

TOKYO

Table showing Tokyo stock prices.

Rises and Falls

Table showing rises and falls in various markets.

NOTES

Notes section providing analysis and commentary on market movements.

GERMANY

Table showing German market data.

AMSTERDAM

Table showing Amsterdam market data.

TOKYO

Table showing Tokyo market data.

AUSTRALIA

Table showing Australian market data.

BRASIL

Table showing Brazilian market data.

OSLO

Table showing Oslo market data.

JOHANNESBURG

Table showing Johannesburg market data.

NIMES

Table showing Nimes market data.

Large vertical advertisement on the right side of the page for various products and services.



India ships tapioca to EEC

By Our Own Correspondent NEW DELHI, Nov. 29

INDIAN STATE Trading Corporation has begun to export a potentially lucrative new market to the European Community with an initial export order for 10,000 tonnes of tapioca chips...

FAO plan to reduce food losses

ROME, Nov. 29

THE FAO Food and Agriculture Organisation (FAO) plans to set up a fund to finance a programme for reducing post-harvest food losses...

Cocoa hits new lows as 'squeeze' threat eases

BY RICHARD MOONEY

NEARBY COCOA futures prices on the London terminal market fell to new 10-month lows yesterday as the threatened 'squeeze' continued to unwind...

EEC 'must buy out small farms'

BY CHRISTOPHER PARKES

THE COMMON MARKET would have to 'buy out' thousands of inefficient European farmers before it could hope to restore the Community's reputation...

Bid to keep starch subsidies

By Christopher Parkes

BRITISH maize refiners have launched a renewed assault on the Common Market proposals which would deprive them of an EEC subsidy on the imported maize they convert into starch...

Malaysia hints at new Cuba sugar deal

KUALA LUMPUR, Nov. 29

side buying from them. Mr. Datuk Hamzah said the Philippines was also prepared to offer sugar on reasonable terms...

India to look into London tea sales

By K. K. SHARMA NEW DELHI, Nov. 29

THE INDIAN Government has appointed a committee to study the possibility of withdrawing tea sales from London auctions...

Limits on Exmoor farm changes urged

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

TO PROTECT the scenery in the Exmoor National Park, the park authority should set aside special areas where change of ownership must not be allowed...

EEC 'must buy out small farms'

BY CHRISTOPHER PARKES

THE COMMON MARKET would have to 'buy out' thousands of inefficient European farmers before it could hope to restore the Community's reputation...

Malaysia hints at new Cuba sugar deal

KUALA LUMPUR, Nov. 29

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COMMODITY MARKET REPORTS AND PRICES

Table listing prices for various commodities including metals, grains, and oil. Includes columns for 'TIN', 'COPPER', 'SILVER', 'WHEAT', etc.

PRICE CHANGES

Table showing price changes for various commodities. Includes columns for 'Metals', 'Grains', 'Oil', etc.

U.S. Markets

Table showing U.S. market prices for commodities like soybeans, coffee, and other goods.

complete commodity futures service

Whether your interest lies in one or in a dozen of the commodities traded on the London futures market the C.C.S.T. information, advisory brokerage service can be tailored to your needs...

C.S.T. Commodities Ltd

Walsingham House, 35 Seething Lane, London EC3N 4AH

SOYABEAN MEAL

The market opened at 20.00 for soyabean meal. The price of soyabean meal is 20.00...

SUGAR

London Daily Price - Raw Sugar. The price of raw sugar is 18.00...

WHEAT

The price of wheat is 12.00. The price of wheat is 12.00...

SILVER

The price of silver is 10.00. The price of silver is 10.00...

COCAOA

The price of cocoa is 15.00. The price of cocoa is 15.00...

RUBBER

The price of rubber is 18.00. The price of rubber is 18.00...

MEAT/VEGETABLES

The price of meat and vegetables is 12.00. The price of meat and vegetables is 12.00...

COFFEE

The price of coffee is 10.00. The price of coffee is 10.00...

VEGETABLE OILS

The price of vegetable oils is 12.00. The price of vegetable oils is 12.00...

FINANCIAL TIMES

Nov. 29, 1977. 350.00 340.00 350.00 340.00

REUTERS

Nov. 29, 1977. 350.00 340.00 350.00 340.00

DOW JONES

Nov. 29, 1977. 350.00 340.00 350.00 340.00

MOODY'S

Nov. 29, 1977. 350.00 340.00 350.00 340.00

POLES discuss grain deal with U.S.

WARSAW, Nov. 29. MISS JUANITA KRUPA, the U.S. Commerce Secretary, arrived here today for a two-day meeting to discuss the streamlining of U.S.-Polish trade and Poland's efforts to buy more U.S. grain...

COTTON-Liverpool

Spot and shipment sales amounted to 264 tonnes and 2000 bales...

CHIMNEY FISH

Spot and shipment sales amounted to 264 tonnes and 2000 bales...

WHEAT

The price of wheat is 12.00. The price of wheat is 12.00...

SOYBEANS

The price of soybeans is 10.00. The price of soybeans is 10.00...

STOCK EXCHANGE REPORT

Gilt-edged turn easier on talk of further rise in MLR
Share index up 9.6 at 474.1 on technical rally—Banks good

Account Dealing Dates
Option
First Declara- Last Account
Dealings Nov. 24 Nov. 25 Dec. 6

Hopes that the latest rise of 2 per cent to 7 per cent in Minimum Lending Rate might lead to some stability in interest rates were shaken yesterday by indications that money market circles were talking themselves into a further sharp rise in the rate at this week's tender.

Long-dated stocks moved in sympathy to close with falls to 1 and the Government Securities index receded 0.27 for a drop of 5 per cent over the last nine trading days.

The FT Industrial Ordinary share index closed only a shade below the day's best with a rise of 9.6 at 474.1, it was 10.4 up at 3 p.m. but had made little real progress from 1 a.m. when it was already showing a gain of 8.4.

Despite the worries about even higher short-term interest rates, some of the best gains of the day were recorded in Discount House and Hire Purchase issues, both sector indices moving up by well over 3 per cent.

Gilts close uncertainly
Late concern about interest rate levels and other factors showed through to an uncertain close to dealings in Gilt-edged securities.

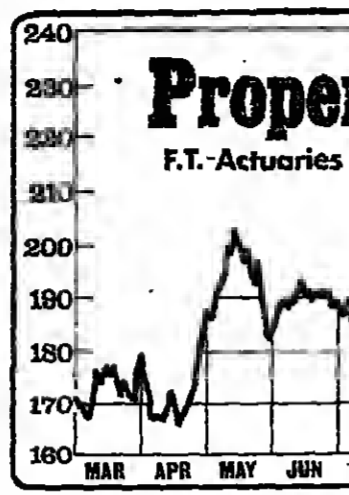
made in the fremen's dispute following the meeting with the Prime Minister, but the upturn was halted by indications that Treasury bills were changing hands at levels consistent with a further rise in MLR; this consequently aroused talk of a fresh hike this Friday to 8 per cent, against the ruling 7 per cent, and revived worries over both the U.K. political and monetary outlook.

The FT Industrial Ordinary share index closed only a shade below the day's best with a rise of 9.6 at 474.1, it was 10.4 up at 3 p.m. but had made little real progress from 1 a.m. when it was already showing a gain of 8.4.

The major clearing banks all moved forward despite the heightened competition in the interest rate field. Barclays, the only bank yet to announce an increase in base lending rate, rose 9 to 32 1/2, after 32 1/4, while Midland, following its 2 per cent increase, closed 7 to the good at 37 1/2, after 37 1/4.

Newsprint comment made an impact on F. W. Thorpe, which jumped by 13 to 49p in Electricals. Elsewhere, Thora rose 12 to 38 1/2, GEC improved 6 to 24 1/2 and B&H improved 12 to 20 1/2.

Matthew Brown hardened 2 to 100p following the annual results. Buildings were led higher by Taylor Woodrow added a similar amount at 40 1/2 and Richard Costain firmed 4 to 23 1/2. Adjusted 28 higher the previous day on a broker's circular with a gain of 7 at 12 1/2, after 13 1/2.



news of the bid approach. George Dew attained a 1977 peak of 134p before closing a net 4 better at 126p.

ICL picked up on technical influences and touched 36 1/2 before closing a net 8 better at 37 1/2, after 37 1/4. Elsewhere in Chemicals, Carles Capel and Leonard, at 45p, recorded a Press-inspired rise of 3. Hoechst, however, shed 2 to 46 1/2 after the third-quarter profits.

F. W. Thorpe jump
Newspaper comment made an impact on F. W. Thorpe, which jumped by 13 to 49p in Electricals. Elsewhere, Thora rose 12 to 38 1/2, GEC improved 6 to 24 1/2 and B&H improved 12 to 20 1/2.

consecutive day in Sboes, closing 3 dearer at 33 1/2, the shares have doubled in value over that period, aided largely by an investment recommendation.

Engineering were highlighted by a jump of 15 to 23 1/2, after 25 1/2, in John Brown on speculation about bid possibilities, or a

dividend-hoarding rights issue; a bear squeeze was also thought feasible. Other leads staged a good rally with Hawker 7 up at 17 1/2 and GKN 6 higher at 27 1/2.

Food records some useful improvements with Associated Dairies outstanding at 25 1/2, up 1/2, the interim results are due next month. Kwik Save revived 8 to 23 1/2, while J. Sainsbury 4 better at 15 1/2 and Wheatbale 4 to the good at 16 1/2.

Misc. leaders rise
The miscellaneous Industrial leaders made progress. Colverson moved up to 32 1/2 before settling a net 14 higher at 32 1/2, while Reed International responded to

Peacley revived with a gain of 41 to 70 1/2, while Glassfield Securities put up 15 to 27 1/2 in a thin market.

Trusts recorded widespread gains. British Investment Trust improved 4 1/2 to 18 1/2; the offer of a guaranteed minimum of 150p per share from the National Coal Pension Funds has been extended to December 12.

BP wanted
Technical influences apart, British Petroleum met with genuine demand ahead of tomorrow's third-quarter figures and rose 14 to 91 1/2, after 81 1/2.

Lower-priced issues to show rises of 6 included Grootvrield and Harmony at 11 1/2 and 3 1/2 respectively. The Gold Mines index added 0.2 at 145.2.

South African-based Financials mirrored Golds while U.K.-based issues generally moved ahead in line with U.K. equities. An exception was Goldfields, which rose 1 to 16 1/2 following the annual meeting.

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FINANCIAL TIMES STOCK INDICES

Table with columns for various stock indices (Government Sec., Fixed Interest, Industrial Ordinary, etc.) and their values for different dates.

HIGHS AND LOWS S.E. ACTIVITY

Table showing high and low values for various stock indices and S.E. activity.

OPTIONS TRADED

Table listing traded options with columns for Dealings, Last, Declared, etc.

RISES AND FALLS YESTERDAY

Table showing percentage changes for various stock indices and sectors.

NEW HIGHS AND LOWS FOR 1977

Table listing new high and low prices for various stocks in 1977.

Advertisement for Black Diamonds Pensions Limited. Text includes: 'Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED', 'The guaranteed minimum cash price per Ordinary Share of The British Investment Trust Limited is 165p', 'The middle-market price of the Ordinary Shares of The British Investment Trust Limited on 23rd November, 1977* was 145p xd', 'Upon the Offer becoming unconditional accepting Ordinary Shareholders will, under the terms of the Offer, be entitled to receive at least 165p in cash per Share for their Ordinary Shares of The British Investment Trust Limited or a higher cash amount if the formula value is higher on the day on which the Offer becomes unconditional.', 'The Offer has been extended until 3 p.m. on Monday, 12th December, 1977. The Offer will not be open for acceptance after that time whether or not the Offer has been declared unconditional. Ordinary Shareholders are accordingly urged to accept without delay.'

RECENT ISSUES
EQUITIES
FIXED INTEREST STOCKS
'RIGHTS' OFFERS
ACTIVE STOCKS
Table listing various stocks and their recent performance.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.
Table listing various share indices and their values.

Arabic text at the bottom of the page: 'مكاتب الأصيل' (Al-Awsil Offices).

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as British Life Office Ltd, Royal Exchange Unit Trust, and others, including their names, managers, and performance metrics.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds such as Fidelity Fund, Kempt-Gee Management Jersey Ltd, and others, including their names, managers, and performance metrics.

INSURANCE, PROPERTY, BONDS

Table listing insurance, property, and bond products from various companies like Abbey Life Assurance Co, Credit & Commercial Insurance, and others, including their names and descriptions.

CLIVE INVESTMENTS LIMITED
Royal Exchange Ave, London EC3A 3LU. Tel. 01-583 1101
Includes details about Clive Fixed Interest Capital and Clive Fixed Interest Income.

INSURANCE BASE RATES
Property Growth 8 1/2%
Canon Assurance 8 1/2%
Includes address information for insurance and property bond tables.

BASE LENDING RATES
S.N. Bank 7 1/2%
Hill Samuel 8 1/2%
Includes a list of various banks and their respective lending rates.

KCA International
announced with the company results and following approval by shareholders
Berry Wiggins & Co. Limited has been renamed
GA International Limited
The Company Head Office remains at: 8th Floor, Berkeley Square House, Bank Square, London W1X 6BY.

Notes and additional information regarding the financial products and services.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Leyland, BHP, and various engineering firms.

INSURANCE—Continued

Table of insurance companies such as Sun Alliance, London & Lancashire, and others.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft related companies including Rover, Leyland, and others.

PROPERTY—Continued

Table of property-related companies and real estate investments.

SHIPBUILDERS, REPAIRERS

Table of shipbuilding and repair companies like Harland & Wolff, Swan Hunter, etc.

SHOES AND LEATHER

Table of shoe and leather goods companies.

SOUTH AFRICANS

Table of South African companies and investments.

INV. TRUSTS—Continued

Table of investment trusts and funds.

TEXTILES

Table of textile companies.

TOBACCO

Table of tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related investments.

FINANCE, LAND—Continued

Table of finance and land-related companies and funds.

TEAS

Table of tea companies.

MINES

Table of mining companies.

CENTRAL RAND

Table of Central Rand mining companies.

EASTERN RAND

Table of Eastern Rand mining companies.

FAR WEST RAND

Table of Far West Rand mining companies.

O.F.S.

Table of O.F.S. (Overseas Finance Services) companies.

FINANCE

Table of finance companies and funds.

DAIWA SECURITIES logo and branding.

MINES—Continued

Table of mining companies (continued).

AUSTRALIAN

Table of Australian companies.

TINS

Table of tin companies.

COPPER

Table of copper companies.

MISCELLANEOUS

Table of miscellaneous companies and investments.

NOTES

Notes and disclaimers regarding the information provided in the table.

RECENT ISSUES AND "RIGHTS" PAGE 38

Statement regarding the availability of recent issues and rights information.

REGIONAL MARKETS

Table of regional market data and stock prices.

OPTIONS

Table of options market data.

DIAMOND AND PLATINUM

Table of diamond and platinum market data.

PROPERTY

Table of property companies and real estate investments.

INSURANCE

Table of insurance companies (continued).

PROPERTY

Table of property companies (continued).

PROPERTY

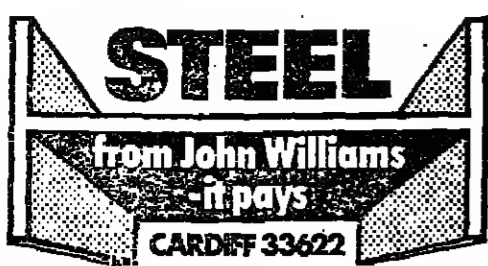
Table of property companies (continued).

PROPERTY

Table of property companies (continued).

DIAMOND AND PLATINUM

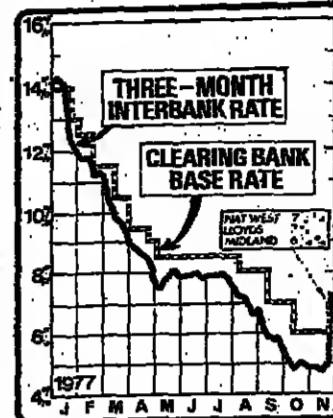
Table of diamond and platinum market data (continued).



THE LEX COLUMN

Curbing insider dealings

Index rose 9.6 to 474.1



finance vehicle already to hand and a recent set of figures...

Interest rates

Contrary to expectations week's leap in minimum lending rate has not cleared the...

The suggestion that employees should receive the full annual report as well as shareholders...

Courtalds

Now that Courtalds has become the third borrower in two days to approach the sterling...

It is easy to see the attractions for U.K. borrowers. The £20m issue from Courtalds is expected to have a coupon of 9.3 per cent...

Other companies will certainly want to move into the market seems certain to rise...

Institute criticises IMF guidelines

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STRONG CRITICISM of both last month's decision to allow the pound to float upwards and the impact on the U.K. economy...

The Treasury and an IMF inspection team are discussing the guidelines for 1978-79. The review says the pursuit of money supply targets...

The Institute's forecasts about the prospects for price inflation and for import penetration are, however, more optimistic than those of the Treasury...

Merged building society will be No. 7 in U.K.

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

TWO OF the country's major building societies are to join forces to form the largest merger movement in the industry...

Express can print more copies, says Appeal Court

BY PAULINE CLARK, LABOUR STAFF

MR. VICTOR MATTHEWS, chairman of Beaverbrook Newspapers, scored an important victory yesterday when the Appeal Court cleared the way for extra production of the Daily Express...

It was pointed out that SOGAT members were not required to do more than their normal work because extra workers would be taken on to handle increased production...

Midland

banks and increasing its market share. The bank's new base rate means that it will be offering overdrafts to top-quality corporate customers...

Dublin studying Ferenka rescue

BY GILES MERRITT DUBLIN, Nov. 28

THE IRISH Government has begun an urgent study of proposals for rescuing the £20m Ferenka plant at Limerick. They include setting up a workers' co-operative of a State corporation...

Erroll fights back for Gold Fields

BY PAUL CHEESERIGHT

LORD ERROLL of Hale, chairman of Consolidated Gold Fields, has fought back against industrial group, yesterday day that 12.6 per cent of the fended off implied institutional criticism...

The trend in the money markets appeared yesterday to be favouring the higher end of the range of lending rates, with a continued upward movement in rates.

An offer of 70p cash is also made for every Reed and Smith Preference share. Subject to offers being declared, unconditional, it is intended that St Regis will buy in the 10 per cent of the equity, having indicated that they will accept the St Regis offer.

NEB £755,000 from Reed & Smith sale

BY KEITH LEWIS

IN WHAT amounts to its first disposal of a major shareholding, the National Enterprise Board looks set to collect a profit of £755,000 on the sale of its 26.52 per cent stake in paper manufacturers Reed and Smith to St. Regis International, the U.K. subsidiary of St. Regis Paper, one of the largest U.S. paper companies.

In fact, the issue has not been greeted with enthusiasm by the London mining and industrial group, yesterday day that 12.6 per cent of the fended off implied institutional criticism of the group's recent £40m. rights issue.

The authorities appeared to be taking a more cautious stance in the markets at this relatively early stage of the week, giving no indication of their preferences. It is clear, however, that last week's jump in MLR has not so far achieved the objective of establishing a base for a period of renewed stability in the markets.

Not selling. At the annual meeting, however, more than half the questions dealt with the group's gold-mining interests in South Africa. They came largely from Church representatives concerned with the moral aspects of Gold Fields involvement.

The burden of Lord Erroll's answers was that the mining industry in South Africa was not oppressive and that it contributed to the economic well-being of the black population. Accommodation for black miners compared favourably with mining villages in this country.

Water set for record win

JOHANNESBURG, Nov. 29

Water supply parties are splitting the polls because of it. Some analysts predict that little more than half the country's 2.2m. white voters will turn out giving Opposition parties the chance of a better showing.

The question of just how the Opposition parties will fare remains an open one, with significant differences between the various opinion polls. Because of an unprecedented proportion of undecided voters, particularly in the English-speaking community.

Weather, BUSINESS CENTRES, HOLIDAY RESORTS, and advertisement for BELL Scotch Whisky.